

## FORTY-FOURTH DAY

(Monday, March 29, 1937)

The House met at 10:00 o'clock a. m., pursuant to adjournment, and was called to order by Speaker Calvert.

The roll of the House was called, and the following Members were present:

Mr. Speaker	Hartzog
Adkins	Heflin
Alexander	Herzik
Alsup	Holland
Amos	Hoskins
Baker	Howard
Bates	Huddleston
Beckworth	Hull
Bell	Hyder
Blankenship	Jackson
Boethel	James
Bond	Johnson of Ellis
Boyer	Johnson
Bradbury	of Tarrant
Bradford	Jones of Angelina
Bridgers	Jones of Atascosa
Broadfoot	Jones of Falls
Brown	Jones of Wise
Burton	Keefe
Cagle	Keith
Callan	Kelt
Carssow	Kenyon
Cathey	King
Cauthorn	Knetsch
Cleveland	Lankford
Colquitt	Lanning
Davis of Haskell	Leath
Davis of Jasper	Leonard
Davison of Fisher	Leyendecker
Davisson	Little
of Eastland	Loggins
Dean	London
Deglandon	Lucas
Derden	Mann
Dickison	Mays
Dollins	McConnell
England	McCracken
Farmer	McDonald
Felty	McFarland
Fielden	McKee
Fox	McKinney
Fuchs	Metcalfe
Gibson	Moffett
Graves	Monkhouse
Hamilton	Morris
Hankamer	Morse
Hanna	Newton
Harbin	Nicholson
Hardin	Oliver
Harper	Palmer
Harrell	Patterson of Mills
Harris of Archer	Patterson
Harris of Dallas	of Travis
Harris of Dickens	Petsch

Pope	Smith
Prescott	of Matagorda
Quinn	Smith of Tarrant
Ragsdale	Stevenson
Reader	Stinson
Reed of Bowie	Stocks
Reed of Dallas	Talbert
Rhodes	Tarwater
Riddle	Tennant
Roark	Tennyson
Ross	Thornberry
Russell	Thornton
Rutta	Vale
Schuenemann	Waggoner
Settle	Walker
Sewell	Weldon
Sharpe	Westbrook
Shell	Winfree
Simpson	Wood
Skaggs	Worley
Smith of Hopkins	

Absent

Celaya

Absent—Excused

Kern  
LangdonMauritz  
Powell

A quorum was announced present.

Rev. George W. Coltrin, Chaplain, offered prayer.

## LEAVES OF ABSENCE GRANTED

The following Members were granted leaves of absence on account of important business:

Mr. Powell for today, on motion of Mr. Waggoner.

Mr. Mauritz for today, on motion of Mr. Walker.

Mr. Langdon for today, on motion of Mr. Roark.

The following Member was granted leave of absence, on account of illness.

Mr. Kern for today, on motion of Mr. Smith of Hopkins.

## HOUSE BILLS ON FIRST READING

The following House bill, introduced today, was laid before the House, read first time, and referred to the appropriate committee, as follows:

By Mr. Bradford:

H. B. No. 1041, A bill to be entitled "An Act validating all elections and proceedings had in connection with the formation of Andrews Independent School District of Andrews County, Texas; establishing the boun-

daries of said Andrews Independent School District; providing for the Board of Trustees; providing that said District shall have and exercise all the rights, powers, privileges and duties conferred and imposed by the General Laws of this State upon the trustees of independent school districts, and declaring an emergency."

Referred to the Committee on Education.

Mr. Keith moved to introduce, at this time, and have placed on first reading, House Bill No. 1042.

The motion prevailed by the following vote:

Yeas—119

Adkins	Holland
Alexander	Hoskins
Alsup	Howard
Amos	Huddleston
Baker	Hull
Beckworth	Hyder
Bell	Jackson
Blankenship	James
Boethel	Johnson of Ellis
Bond	Johnson
Boyer	of Tarrant
Bradbury	Jones of Angelina
Bradford	Jones of Atascosa
Bridgers	Jones of Falls
Brown	Jones of Wise
Burton	Keith
Cagle	Kelt
Callan	Kenyon
Carssow	King
Cauthorn	Knetsch
Cleveland	Lankford
Davis of Haskell	Lanning
Davisson	Leath
of Eastland	Leonard
Deglandon	Loggins
Dollins	London
England	Lucas
Farmer	Mann
Felty	Mays
Fielden	McDonald
Fox	McFarland
Fuchs	McKee
Graves	McKinney
Hamilton	Metcalfe
Hankamer	Moffett
Hanna	Monkhouse
Harbin	Morris
Hardin	Morse
Harper	Newton
Harrell	Nicholson
Harris of Archer	Oliver
Harris of Dallas	Patterson of Mills
Harris of Dickens	Patterson
Hartzog	of Travis
Heflin	Petsch
Herzik	Prescott

Quinn	Smith
Reed of Bowie	of Matagorda
Reed of Dallas	Stinson
Rhodes	Stocks
Riddle	Talbert
Russell	Tarwater
Rutta	Tennant
Schuenemann	Tennyson
Settle	Thornberry
Sewell	Thornton
Sharpe	Vale
Shell	Waggoner
Simpson	Weldon
Skaggs	Winfree
Smith of Hopkins	Wood
	Worley

Absent

Bates	Little
Broadfoot	McConnell
Cathey	McCracken
Celaya	Palmer
Colquitt	Pope
Davis of Jasper	Ragsdale
Davison of Fisher	Reader
Dean	Roark
Derden	Ross
Dickison	Smith of Tarrant
Gibson	Stevenson
Keefe	Walker
Leyendecker	Westbrook

Absent—Excused

Kern	Mauritz
Langdon	Powell

The Speaker then laid the bill before the House, it was read first time, and referred to the appropriate committee, as follows:

By Mr. Keith, Mr. Waggoner and Mr. Broadfoot:

H. B. No. 1042, A bill to be entitled "An Act amending Section 2, House Bill No. 32, Chapter 23, page 151, Acts of the Forty-first Legislature, Fifth Called Session, and declaring an emergency."

Referred to the Committee on Highways and Motor Traffic.

Mr. Broadfoot moved to introduce, at this time, and have placed on first reading, House Bill No. 1043.

The motion prevailed by the following vote:

Yeas—125

Adkins	Beckworth
Alexander	Bell
Alsup	Blankenship
Amos	Boethel
Baker	Bond
Bates	Boyer

Bradbury	Little
Bradford	London
Bridgers	Lucas
Broadfoot	Mann
Brown	Mays
Burton	McConnell
Cagle	McCracken
Callan	McDonald
Carssow	McFarland
Cauthorn	McKee
Cleveland	McKinney
Colquitt	Metcalfe
Davison	Moffett
of Eastland	Monkhouse
Deglandon	Morris
Derden	Morse
Dickison	Newton
Dollins	Nicholson
England	Oliver
Farmer	Palmer
Felty	Patterson of Mills
Fox	Patterson
Graves	of Travis
Hamilton	Petsch
Hankamer	Pope
Hanna	Prescott
Harbin	Quinn
Hardin	Reed of Bowie
Harper	Reed of Dallas
Harrell	Rhodes
Harris of Archer	Riddle
Harris of Dallas	Roark
Harris of Dickens	Russell
Heflin	Schuenemann
Herzik	Settle
Holland	Sewell
Hoskins	Sharpe
Howard	Simpson
Huddleston	Skaggs
Hull	Smith of Hopkins
Hyder	Smith
Jackson	of Matagorda
James	Smith of Tarrant
Johnson of Ellis	Stevenson
Johnson	Stinson
of Tarrant	Stocks
Jones of Angelina	Talbert
Jones of Falls	Tarwater
Jones of Wise	Tennant
Keefe	Tennyson
Keith	Thornberry
Kelt	Thornton
Kenyon	Vale
King	Waggoner
Knetsch	Weldon
Lankford	Winfree
Lanning	Wood
Leath	Worley
Leonard	

## Absent

Cathey	Davison of Fisher
Celaya	Dean
Davis of Haskell	Fielden
Davis of Jasper	Fuchs

Gibson	Reader
Hartzog	Ross
Jones of Atascosa	Rutta
Leyendecker	Shell
Loggins	Walker
Ragsdale	Westbrook

## Absent—Excused

Kern	Mauritz
Langdon	Powell

The Speaker then laid the bill before the House, it was read first time, and referred to the appropriate committee, as follows:

By Mr. Broadfoot, Mr. Waggoner and Mr. Keith:

H. B. No. 1043, A bill to be entitled "An Act declaring all motor vehicle registration or license plates to be the property of the State Highway Commission of Texas until duly or lawfully purchased for use upon a motor vehicle owned by the purchaser thereof; declaring it unlawful for any tax assessor-collector, tax collector or other officer to sell, transfer, convey or otherwise deliver any registration or license plate for any consideration other than the full value thereof paid in lawful money; declaring that any violation of the provisions of this Act shall constitute a misdemeanor and prescribing a punishment upon conviction; fixing venue of such prosecution in Travis County, Texas; declaring the terms of this Act to be severable; repealing all laws in conflict, and declaring an emergency."

Referred to the Committee on Highways and Motor Traffic.

Mr. Oliver moved to introduce, at this time, and have placed on first reading, House Bill No. 1044.

The motion prevailed by the following vote:

## Yeas—101

Adkins	Cagle
Alexander	Callan
Amos	Carssow
Baker	Cathey
Bates	Cauthorn
Beckworth	Cleveland
Bell	Colquitt
Blankenship	Davis of Haskell
Boethel	Davis of Jasper
Bond	Davison of Fisher
Boyer	Davison
Bradbury	of Eastland
Bradford	Dean
Brown	Derden

Dickison	McDonald
Dollins	McFarland
England	McKinney
Farmer	Moffett
Fielden	Monkhouse
Fox	Morris
Hanna	Newton
Hardin	Oliver
Harrell	Patterson of Mills
Harris of Dallas	Pope
Harris of Dickens	Prescott
Hartzog	Quinn
Herzik	Reader
Holland	Reed of Bowie
Hoskins	Rhodes
Howard	Roark
Huddleston	Russell
Hull	Rutta
James	Schuenemann
Johnson of Ellis	Sewell
Johnson	Shell
of Tarrant	Simpson
Jones of Angelina	Skaggs
Jones of Atascosa	Smith of Hopkins
Jones of Falls	Smith of Tarrant
Jones of Wise	Stevenson
Keefe	Stocks
Kelt	Talbert
King	Tarwater
Lanning	Tennyson
Leath	Thornton
Leonard	Walker
Little	Weldon
Loggins	Westbrook
London	Winfree
Lucas	Wood
Mann	Worley
Mays	

## Nays—24

Alsup	Metcalfe
Bridgers	Nicholson
Broadfoot	Patterson
Burton	of Travis
Deglandon	Petsch
Graves	Reed of Dallas
Hamilton	Ross
Harper	Sharpe
Harris of Archer	Stinson
Heflin	Tennant
Jackson	Thornberry
Keith	Waggoner
McConnell	

## Present—Not Voting

Knetsch	Smith
	of Matagorda

## Absent

Celaya	Hankamer
Felty	Harbin
Fuchs	Hyder
Gibson	Kenyon

Lankford	Palmer
Leyendecker	Ragsdale
McCracken	Riddle
McKee	Settle
Morse	Vale

## Absent—Excused

Kern	Mauritz
Langdon	Powell

The Speaker then laid the bill before the House, it was read first time, and referred to the appropriate committee, as follows:

By Mr. Oliver:

H. B. No. 1044, A bill to be entitled "An Act providing relief for the Timpson Independent School District, Shelby County, Texas, in order to aid said school to rebuild school building destroyed by fire, making an appropriation for said District, and declaring an emergency."

Referred to the Committee on Appropriations.

## BILL ORDERED NOT PRINTED

House Bill No. 772, on motion of Mr. Hankamer, was ordered not printed.

## ADDITIONAL SIGNER OF HOUSE BILL NO. 1030

By unanimous consent of the House, the following Member was authorized to sign bill, as co-author of same, as follows:

Mr. Palmer, House Bill No. 1030.

## RELATIVE TO HOUSE BILL NO. 847

Mr. Reed of Dallas asked unanimous consent of the House that certain correction be made in House Bill No. 847.

There was no objection offered, and it was so ordered.

## HOUSE JOINT RESOLUTION NO. 31 RECOMMITTED

On motion of Mr. Ross, House Joint Resolution No. 31 was recommitted to the Committee on Constitutional Amendments.

## MESSAGE FROM THE SENATE

Austin, Texas, March 29, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: I am directed by the Senate to

inform the House that the Senate has passed the following:

H. B. No. 67, A bill to be entitled "An Act amending Section 1, Chapter 314, General Laws of the State of Texas, Forty-first Legislature, Regular Session, as amended by Chapter 24 of the General Laws of the Second Called Session thereof, and Chapter 227, Acts of the Regular Session of the Forty-second Legislature, 1931, so as to hereinafter provide that motor carriers and motor vehicles subject to jurisdiction of the Railroad Commission shall be those operating for compensation and hire and providing that the term, 'compensation and hire' shall not include vehicles transporting goods owned by the owner of such vehicle." (With amendments.)

S. B. No. 137, A bill to be entitled "An Act providing for and fixing the salaries of the members of the Judiciary of the State of Texas; amending Section 1 of House Bill No. 280, Chapter 148, Acts of the Regular Session of the Forty-third Legislature, as amended by Section 1 of House Bill No. 417, Chapter 355, Acts of the Regular Session of the Forty-fourth Legislature; repealing all laws in conflict herewith, and declaring an emergency."

Respectfully,

BOB BARKER,  
Secretary of the Senate.

#### RELATIVE TO HOUSE BILL NO. 1020

Mr. Davis of Haskell moved to reconsider the vote by which House Bill No. 1020 was passed.

Mr. Harris of Dickens moved to table the motion to reconsider.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

#### Yeas—112

Adkins	Bradbury
Alexander	Bridgers
Alsup	Broadfoot
Amos	Brown
Bates	Burton
Beckworth	Callan
Bell	Carssow
Blankenship	Cauthorn
Boethel	Celaya
Boyer	Cleveland

Davison of Fisher	McConnell
Davisson	McDonald
of Eastland	McKee
Dean	Moffett
Deglandon	Monkhouse
Derden	Morris
Dickison	Morse
Dollins	Newton
England	Oliver
Felty	Palmer
Fuchs	Patterson
Graves	of Travis
Hamilton	Petsch
Hankamer	Pope
Harbin	Prescott
Harper	Quinn
Harrell	Ragsdale
Harris of Dallas	Reader
Harris of Dickens	Reed of Dallas
Hartzog	Rhodes
Heflin	Riddle
Herzik	Roark
Hoskins	Ross
Howard	Russell
Huddleston	Rutta
Hull	Schuenemann
Hyder	Settle
Jackson	Sewell
James	Sharpe
Johnson	Shell
of Tarrant	Simpson
Jones of Angelina	Skaggs
Jones of Falls	Smith of Hopkins
Jones of Wise	Smith
Keefe	of Matagorda
Keith	Stinson
Kelt	Stocks
King	Talbert
Knetsch	Tarwater
Lanning	Thornberry
Leath	Thornton
Leonard	Vale
Leyendecker	Waggoner
Loggins	Weldon
London	Westbrook
Lucas	Winfree
Mann	Wood
Mays	Worley

#### Nays—22

Bond	Johnson of Ellis
Bradford	Jones of Atascosa
Cagle	Kenyon
Cathey	Lankford
Davis of Haskell	McFarland
Davis of Jasper	Patterson of Mills
Farmer	Reed of Bowie
Fielden	Smith of Tarrant
Hanna	Tennant
Hardin	Tennyson
Harris of Archer	Walker

#### Absent

Baker	Fox
Colquitt	Gibson

Holland	Metcalf
Little	Nicholson
McCracken	Stevenson
McKinney	

Absent—Excused

Kern	Mauritz
Langdon	Powell

### TO GRANT PERMISSION TO SUE THE STATE

Mr. Keith offered the following resolution:

H. C. R. No. 79, To grant Grover C. Ditto and wife, Nina E. Ditto, permission to sue the State of Texas and the State Highway Commission for damages resulting from the construction of State Highway No. 6, and a road approach thereto, in and through Grayson County, Texas; fixing the venue of said suit; providing that limitation shall not commence until the effective date hereof, and declaring an emergency.

Whereas, Grover C. Ditto and wife, Nina E. Ditto, both of Grayson County, Texas, allege and assert that, during and after the year 1929, they were damaged by the State of Texas and the State Highway Commission of Texas by reason of alleged negligence in the construction of said Highway No. 6 and a road approach thereto in and through Grayson County, Texas, and especially by reason of the constructing of said highway and said approach in such a manner as to overflow and otherwise damage their lands; and

Whereas, The State of Texas and the State Highway Commission of Texas contend that suit can not be maintained against them, or either of them, without permission from the Legislature of the State of Texas; and

Whereas, Although the Legislature of the State of Texas neither admits nor denies that the said petitioners have a valid or just claim against the State of Texas or the State Highway Commission of Texas, or both of them; nevertheless, it is the sense of this Legislature that no citizen of this State who has a valid or just claim against the State of Texas or the State Highway Commission of Texas, or both of them, should be deprived of his opportunity to establish or enforce such claim by reason of any constitutional inhibition or prohibition; and

Whereas, Said Grover C. Ditto and wife, Nina E. Ditto, have never been compensated by the State of Texas or the State Highway Commission of Texas for the damages alleged to have been sustained by them; now, therefore, be it

Resolved by the House of Representatives, the Senate concurring, That Grover C. Ditto and wife, Nina E. Ditto, both of Grayson County, Texas, their heirs, executors and administrators, be, and they are hereby, granted permission to bring and maintain suit against the State of Texas and the State Highway Commission of Texas, in Grayson County, at any time within two (2) years after the passage and enactment of this resolution, in order that the compensation due them, if any, for the damages sustained and injuries received by them may be determined; that service of citation and other processes of law may be had by citing the Governor of Texas, the Chairman of the State Highway Commission of Texas and the Attorney General of Texas with the same force and effect as in ordinary civil cases; that the statutes of limitation shall not be pleaded in bar or abatement of said suit until the expiration of two (2) years from the passage and enactment of this resolution, and only then if suit has not been instituted; and that any judgment obtained therein by said petitioners, or either of them, their heirs, executors and administrators, shall be paid out of the State Highway funds.

KEITH,  
WAGGONER.

The resolution was read second time, and was referred, by the Speaker, to the Committee on State Affairs.

### MESSAGE FROM THE SENATE

Austin, Texas, March 29, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: I am directed by the Senate to inform the House the Senate has refused to concur in House amendments to Senate Bill No. 301, and requests the appointment of a conference committee to adjust the differences between the two Houses.

The following have been appointed on the part of the Senate:

Senators Woodruff, Aikin, Lemens, Head and Roberts.

Respectfully,

**BOB BARKER,**

Secretary of the Senate.

#### HOUSE BILL NO. 4 ON PASSAGE TO ENGROSSMENT

The Speaker laid before the House, as unfinished business, on its passage to engrossment,

H. B. No. 4, A bill to be entitled "An Act providing a title for the Act; providing for the imposition of a franchise tax; providing that certain corporations shall be exempt from the Act but requiring the exemption to be proven by the claimant; and repealing all existing exemptions or special credits; providing definitions for certain words, terms and phrases; providing certain deductions in computing net income; providing certain unallowable deductions; providing a method of computing the net income of insurance corporations; providing for the use of fiscal or calendar accounting periods; . . . etc., and declaring an emergency."

The bill having heretofore been read second time.

Mr. Jones of Wise offered the following amendment to the bill:

Amend House Bill No. 4, by striking out all below the enacting clause and inserting in lieu thereof the following:

Sec. 1. This Act shall be known and cited as "The Texas Franchise Tax Act."

Sec. 2. Imposition of Tax. Except as herein provided, every domestic corporation heretofore or hereafter organized under the laws of this State, for the privilege of exercising its franchise in this State in a corporate or organized capacity; every foreign corporation heretofore or hereafter required to obtain a permit to do business in this State for the privilege of doing business in this State; and every corporation doing business in this State, formed by or under an Act of the Congress of the United States, the taxation of which by this State is not prohibited by an Act of the Congress of the United States or by the Constitution of the United States for the privilege of doing business in this State, shall, within four months of the expiration of its calendar or fiscal year, pay annually in advance to the

Secretary of State for the year beginning four months after the expiration of its calendar or fiscal year a franchise tax according to or measured by its net income to be computed in the manner hereinafter provided at the rate of two (2) per centum upon the basis of its net income for the next preceding calendar or fiscal year. The amount due shall never be less than the minimum tax as computed under Section 14 of this Act.

Sec. 3. Exemptions. (a) The tax provided for under this Act shall not apply to any corporation or foundation organized solely for religious, charitable, scientific, educational, literary or civic purposes, if its organization or activities are not designed for and do not result in financial or pecuniary gain or profit to the stockholders or members thereof; nor to fraternal benefit societies with a lodge system and representative form of government conducted not for profit; nor shall it apply to any corporation organized under an Act of the Congress of the United States or of the Legislature of this State and being an instrumentality of the United States government or of the State of Texas, nor shall it apply to mutual fire insurance companies not operated for profit, nor to any credit organization as defined in Title 46 of the Revised Civil Statutes, including rural credit unions, mutual loan associations, cooperative credit associations and farmers' cooperative societies. The burden of proving an exemption from the provisions of this Act shall rest upon the corporation, and until such exemption is proven, no exemption shall be allowed.

(b) All franchise tax exemptions or special credits heretofore allowed corporations, whether set forth in the franchise tax laws or other tax laws or laws pertaining to certain corporations, are hereby repealed.

Sec. 4. Definitions. (a) The term "income year", as herein used, means the calendar year or fiscal year ending during such calendar year, upon the basis of which the net income or gross assets employed is computed herein.

(b) The term "taxable year", as herein used, means the calendar year or fiscal year ending during such calendar year for which the tax is payable.

(c) The term "fiscal year", as herein used, means an accounting

period of twelve months ending on the last day of any month other than December.

(d) The terms "paid or incurred" and "paid or accrued", as herein used, shall be construed according to the method of accounting upon the basis of which the net income is computed hereunder.

(e) The term "gross income", as herein used, includes gains, profits and income derived from the business, of whatever kind and in whatever form paid; gains, profits or income from dealings in real or personal property; gains, profits or income received as compensation for services, as interest, rents, commissions, brokerage or other fees, or otherwise received in carrying on such business; all interest received from Federal, state, municipal or other bonds, and, except as hereinafter otherwise provided, all dividends received on stocks. The term "gross income" does not include the following items which shall be exempt from taxation under this Act:

(1) Amounts received under life insurance policies and contracts paid by reason of the death of the insured, but if such amounts are held by the insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income.

(2) Amounts received (other than amounts paid by reason of the death of the insured) under life insurance, endowment or annuity contracts, either during the term or at maturity or upon surrender of the contract, equal to the total amount of premiums paid thereon. In case of a transfer for a valuable consideration, by assignment or otherwise, of a life insurance, endowment or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be excluded from gross income under paragraph (1) of this section.

(3) Stock dividends or subscription rights; but gain may be derived or loss sustained by the shareholders from the sale of such stock or the sale of such rights. The amount of gain derived or loss sustained from the sale of such stock or rights or the sale of the stock or rights in respect to which the stock or rights are issued or the sale of the stock acquired with such rights shall be determined as provided herein.

(f) The term "net income", as herein used, means the gross income less the deductions allowed.

(g) The term "gross assets", as herein used, shall include all assets used by the corporation of whatever kind or nature as reflected by the books of the corporation, including land, buildings, machinery and equipment, furniture, and fixtures, leaseholds, cash, notes and accounts receivable, inventories, stocks and bonds, prepaid items, patents, and all other items commonly considered as assets. In the determination of gross assets, however, it shall be permissible to deduct from the total, reasonable valuation reserves. Provided, however, that in the computation of the gross assets of a corporation receiving deposits from the public, that said corporation shall be allowed to deduct from its gross assets the amount of such deposits. It is further provided that in the computation of the gross assets of an insurance corporation or building and loan association said insurance corporation or building and loan association shall be allowed to deduct from its total gross assets all funds required by law to be set aside in legal reserves.

(h) The term corporation includes a joint stock company or association and any business conducted by trustees or a trustee wherein interest or ownership is evidenced by certificate or other written instrument.

Sec. 5. Deductions in Computing Net Income. In computing the net income, the following deductions shall be allowed:

(a) All the ordinary and necessary expenses paid or incurred during the income year in carrying on business, including a reasonable allowance for salaries or other compensation for personal services actually rendered, and rentals or other payments required to be made as a condition to the continued use or possession for business purposes of property to which the taxpayer has not taken or is not taking title or in which it has no equity.

(b) All interest paid or accrued during the income year on indebtedness of the taxpayer.

(c) Taxes or licenses paid or accrued during the income year, other than taxes paid to the State under this Act, and other than taxes assessed against local benefits of a kind tending to increase the value of the property assessed, but this shall not ex-



clude the allowance as a deduction of so much of said taxes assessed against local benefits as is properly allocable to maintenance or interest charges.

(d) Losses sustained during the income year and not compensated for by insurance or otherwise. In the case of any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within thirty days before or after the date of such sale or disposition, the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property and the property so acquired is held by the taxpayer for any period after such sale or other disposition, no deduction for the loss shall be allowed unless the claim is made by a taxpayer who is a dealer in stocks or securities, and with respect to a transaction made in the ordinary course of its business. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed. Upon the subsequent sale or disposition of shares of stock or securities, in respect of which a loss has been disallowed, the basis for measuring gain or loss in the case of the property so acquired shall be the basis in the case of the stock or securities so sold or disposed of, except that if the repurchase price was in excess of the sale price such basis shall be increased in the amount of the difference, or if the repurchase price was less than the sale price such basis shall be decreased in the amount of the difference.

(e) Debts ascertained to be worthless and charged off within the income year, or, in the discretion of the Secretary of State, a reasonable addition to a reserve for bad debts. When satisfied that a debt is recoverable in part only the Secretary of State may allow such debt to be charged off in part.

(f) Exhaustion, wear and tear and obsolescence of property to be allowed upon the basis provided in subsection (b) of Section 11 of this Act.

(g) In the case of mines, oil and gas wells, other natural deposits and timber, a reasonable allowance for depletion and for depreciation of improvements according to the peculiar conditions in each instance, such rea-

sonable allowance in all cases to be made under the rules and regulations to be prescribed by the Secretary of State.

In the case of leases the deduction shall be equitably apportioned between the lessor and the lessee.

The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis as provided in Section 11 for the purpose of determining gain upon the sale or other disposition of such property, except as hereinafter in this subsection provided:

(1) In the case of mines (other than metal, coal or sulphur mines) discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within thirty days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance in this section based on discovery value provided in this paragraph shall not exceed 50 per centum of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance under this section be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

(2) In the case of oil and gas wells the allowance for depletion under this section shall be 27½ per centum of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 per centum of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion al-

lowance under this section be less than it would if computed without reference to this paragraph.

(3) The allowance for depletion under this section shall be, in the case of coal mines, 5 per centum, in the case of metal mines, 15 per centum, and, in the case of sulphur mines or deposits, 23 per centum, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 per centum of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this Act in respect of a property shall state whether he elects to have the depletion allowance for such property for the income year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied to the case of the property for all taxable years in which it is in the hands of such taxpayer, or any other person if the basis of the property (for determining gain) in his hands is, under Section 11 determined by reference to the basis in the hands of such taxpayer.

(h) Dividends received during the income year from a corporation doing business in this State declared from income arising out of business done in this State; but if the income out of which the dividends are declared is derived from business done within and without this State, then so much of the dividends shall be allowed as a deduction as the amount of the income from business done within this State bears to the total business done.

The burden shall be on the taxpayer to show that the amount of dividends claimed as a deduction has been received from income arising out of business done in this State.

(i) In the case of a building and loan association, organized and operating wholly or partly on a mutual

plan, the dividends accrued, paid, credited, or apportioned to the withdrawable shares of such association.

(j) If any deduction provided for in this Act is for any reason finally adjudged invalid, in that event the tax of the favored taxpayer shall be recomputed by the Secretary of State for the taxable year in question, as of the time of allowance of the deduction, by disallowing the deduction, and any difference between the amount of the tax as recomputed and the amount of the tax as originally computed shall be subject to the provisions hereof relating to original computations.

Sec. 6. Unallowable Deductions. In computing net income no deduction shall be allowed for:

(a) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property; or for

(b) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made; or for

(c) Premiums paid on any life insurance policy covering the life of any officer or employee, or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy.

Sec. 7. Method of Computing Net Income of Insurance Companies. (a) Life insurance companies shall determine gross income by adding together all interest, dividends, and rents received during the accounting year. Net income shall mean the gross income less

(1) an amount equal to four per centum (4%) of the mean of the reserve funds required by law and held at the beginning and end of the accounting year, except that in the case of any such reserve fund which is computed at a lower interest assumption rate, the rate of three and three-fourths per centum (3¾%) shall be substituted for four per centum (4%). Life insurance companies issuing policies covering life, health, and accident insurance combined in one policy, issued on the weekly premium payment plan, continuing for life and not subject to cancellation, shall be allowed, in addition to the above, a deduction of three and three-fourths per centum (3¾%) of the mean of such reserve funds (not required by law) held at

the beginning and end of the accounting year, as the Secretary of State finds to be necessary for the protection of the holders of such policies only. The term "reserve funds required by law" includes, in the case of assessment insurance, sums actually deposited by any company or association with State or territorial officers pursuant to law as guaranty or reserve funds, and any funds maintained under the charter of articles of incorporation of the company or association exclusively for the payment of claims arising under certificates of membership or policies issued upon the assessment plan and not subject to any other use;

(2) an amount equal to two per centum (2%) of any sums held at the end of the accounting year as a reserve for dividends (other than dividends payable during the year following the accounting year), the payment of which is deferred for a period of not less than five (5) years from the date of the policy contract.

(3) investment expenses paid during the accounting year provided that if any general expenses are in part assigned to or included in the investment expenses, the total deduction under this paragraph shall not exceed one-fourth ( $\frac{1}{4}$ ) of one per centum (1%) of the book value of the mean of the invested assets held at the beginning and end of the accounting year;

(4) rents paid by a company to itself for space occupied by the company in a building owned by such company;

(5) other deductions in computing net income shall be the same as those as set forth under Section 5 of this Act, insofar as these deductions are applicable to life insurance companies.

(b) Insurance companies other than life or mutual shall determine gross income by means of the sum of (A) the combined gross amount earned during the accounting year, from investment income and from underwriting income, as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gain during the accounting year from the sale or other disposition of property, and (C) all other items constituting gross income under Section 4 of this Act. Net

income shall be determined by deducting from gross income

(1) losses incurred during the accounting year on insurance contracts which shall be determined by adding to losses paid during the accounting year the salvage and re-insurance recoverable outstanding at the end of the preceding accounting year, and deducting the salvage and re-insurance recoverable outstanding at the end of the accounting year and by adding to this result all unpaid losses outstanding at the end of the accounting year and deducting unpaid losses outstanding at the end of the preceding year;

(2) expenses incurred which shall be all expenses shown on the annual statement approved by the National Convention of Insurance Commissioners and shall be determined by adding to the expenses paid during the accounting year the expenses unpaid at the end of the accounting year and deducting expenses unpaid at the end of the preceding accounting year plus other deductions allowed under Section 5 of this Act wherein such expenses are applicable to insurance companies other than life or mutual;

(c) Mutual insurance companies other than life shall, in addition to gross income defined in Section 4 of this Act, include the gross premiums collected and received by them less amounts paid for re-insurance. Net income shall be gross income less

(1) deductions allowed corporations under Section 5 of this Act;

(2) the net addition required by law to be made within the accounting year to reserve funds (including in the case of assessment insurance companies the actual deposit of sums with State or territorial officers pursuant to law as additions to guaranty or reserve funds);

(3) the sums, other than dividends, paid within the accounting year on policy and annuity contracts.

Sec. 8. Accounting Periods. Except as herein provided, the net income shall be computed upon the basis of the taxpayer's annual accounting period, fiscal year or calendar year, as the case may be, in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such

method as in the opinion of the Secretary of State does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year, or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year.

If the taxpayer changes his accounting period from fiscal year to calendar year, from calendar year to fiscal year, or from one fiscal year to another, the net income shall, with the approval of the Secretary of State, be computed on the basis of such new accounting period subject to the following provisions:

(a) If a taxpayer, with the approval of the Secretary of State, changes the basis of computing net income from fiscal year to calendar year, a separate return shall be made for the period between the close of the last fiscal year for which return was made and the following December 31. If the change is from calendar year to fiscal year, a separate return shall be made for the period between the close of the last calendar year for which return was made and the date designated as the beginning of the fiscal year. If the change is from one fiscal year to another fiscal year a separate return shall be made for the period between the close of the former fiscal year and the date designated as the beginning of the new fiscal year.

(b) Where a separate return is made under paragraph (a) on account of a change in the accounting period, then the income and gross assets shall be computed on the basis of the period for which separate return is made. The due date of the separate return and the tax for such period is the first day of the fifth month following the close of the new accounting period. When a minimum tax is determined to be due for the period for which a separate return is made, the tax shall be prorated from the date to which the tax was paid to the first day of the fifth month following the new closing.

**Sec. 9. Returns of Taxpayers.** (a) Except as herein provided, every company taxable hereunder shall on or before the first day of the fifth month following the closing of its income year file with the Secretary of State for the income year a return containing all such facts as he may by rule, or otherwise, require in order to carry out the provisions of this Act. Such

return must be sworn to by an executive officer of the company. Such return shall not be open to public inspection, but the Secretary of State shall allow officials of this State, stockholders of the corporation or representatives of the Federal Government to examine such return. The officials of other States allowing similar privileges may also examine such returns. Any unauthorized examination or disclosure of the financial information contained in such returns shall be punishable by a fine of not exceeding One Thousand (\$1,000.00) Dollars.

(b) When a domestic corporation is organized under the laws of this State, or a foreign corporation secures a permit to do business in this State after the effective date of this Act, the Secretary of State shall collect a minimum advance payment on its franchise tax in the amount of Twenty-five (\$25.00) Dollars and may require a surety bond to secure the payment of the first year's franchise tax, such bond to be in such amount as the Secretary of State may require. Such advance payment shall be credited against the amount due by the corporation at the time its first return and tax is due, as hereinafter determined.

The first return and tax shall be due on or before the first day of the fifth month after the date established as the close of the income year. The amount of the tax for the period from the date of qualification to the due date of the tax, which is the first day of the fifth month following the date established as the close of the income year, shall be determined by dividing the number of days from the date of qualification to the date established as the close of the income year into the amount of net income received for the period and multiplying this quotient by the number of days from the date of qualification to the date the return and tax are due, the resulting income figure to be used as a measure of the tax. The tax due for the period measured by the gross assets shall be determined by applying a percentage representing the fractional part of a year (or year and a fraction) from the date of qualification to the date the return and tax are due. This first report filed shall also be the basis for determining the tax due for the second year. The tax, according to or measured by net income, shall be determined by multiplying the above quotient by 365. The tax, according

to or measured by gross assets, shall be determined on the basis of the gross assets reported. The amount of the advance payment will be allowed as a credit on the amount computed to be due, and the taxpayer shall pay the larger of the amounts thus arrived at. If the first return filed covers an income period of less than a full year, then when the second return is due one year from the date the first return was due, an additional tax covering the first year's tax paid in advance shall be due and shall be the amount that the tax for the second year exceeds the tax paid for the first full year.

Sec. 10. Inventories. Whenever, in the opinion of the Secretary of State, the use of inventories is necessary clearly to determine the income of any taxpayer, inventory shall be taken by such taxpayer upon such basis as the Secretary of State may prescribe, conforming as nearly as may be to the best accounting practice and most clearly reflecting the income.

Sec. 11. Basis for ascertaining Gain or Loss.

(a) For the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of real, personal or mixed property, the basis of such property shall be the cost of such property; except that—

(1) If the property should have been included in the last inventory, the basis shall be the last inventory value thereof;

(2) If the property was acquired by gift after December 31, 1920, the basis shall be the same as it would be in the hands of the donor or the last preceding owner by whom it was not acquired by gift except that for the purpose of determining loss the basis shall be the basis so determined or the fair market value of the property at the time of the gift, whichever is lower. If the facts necessary to determine the basis in the hands of the donor or the last preceding owner are unknown to the donee, the Secretary of State shall, if possible, obtain such facts from such donor or last preceding owner, or any other person cognizant thereof. If the Secretary of State finds it impossible to obtain such facts, the basis in the hands of the donor or the last preceding owner shall be the fair market value of such property as found by the Secretary of State as of the date or approximate date at which, according to the best

information that the Secretary of State is able to obtain, such property was acquired by such donor or last preceding owner;

(3) If the property was acquired after December 31, 1920, by a transfer in trust (other than by a transfer in trust by bequest or devise) the basis shall be the same as it would be in the hands of the grantor, increased in the amount of gain or decreased in the amount of loss recognized to the grantor upon such transfer;

(4) If the property was acquired by gift or transfer in trust on or before December 31, 1920, the basis shall be the fair market value of such property at the time of such acquisition.

(5) If the property was acquired by bequest, devise or inheritance, or by the decedent's estate from the decedent the basis shall be the fair market value of such property at the time of such acquisition. In the case of property transferred in trust to pay the income for life to or upon the order or direction of the grantor, with the right reserved to the grantor at all times prior to his death to revoke the trust, the basis of such property in the hands of the persons entitled under the terms of the trust instrument to the property after the grantor's death shall, after such death, be the same as if the trust instrument had been a will executed on the day of the grantor's death. For the purpose of this paragraph, property passing without full and adequate consideration under a general power of appointment exercised by will shall be deemed to be property passing from the individual exercising such power by bequest or devise.

(6) If the property was acquired after February 28, 1913, upon an exchange described in subsections (b) to (h), inclusive, of Section 12, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange. If the property so acquired consisted in part of the type of property permitted by subsections (b) to (e), inclusive, of Section 12, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this

paragraph shall be allocated between the properties (other than money) received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This paragraph shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

(7) If the property was acquired after December 31, 1917, by a corporation in connection with a reorganization, and immediately after the transfer an interest or control in such property of 50 per centum or more remained in the same persons or any of them, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer. This paragraph shall not apply if the property acquired consists of stock or securities in a corporation a party to the reorganization, unless acquired by the issuance of stock or securities of the transferee as the consideration in whole or in part for the transfer.

(8) If the property was acquired after December 31, 1920, by a corporation—

(A) by the issuance of its stock or securities in connection with a transaction described in Section 12, subsection (e), (including, also, cases where part of the consideration for the transfer of such property to the corporation was property or money, in addition to such stock or securities), or

(B) as paid in surplus or as a contribution to capital, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer.

(9) If the property was acquired after February 28, 1913, as the result of a compulsory or involuntary conversion described in Section 12, subsection (i), the basis shall be the same as in the case of the property so converted.

(10) If the property consists of stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the non-deductibility of the loss from the sale or other disposition of substantially

identical stock or securities, then the basis shall be the basis of the stock or securities so sold or disposed of, increased or decreased, as the case may be, by the difference, if any, between the price at which the property was acquired and the price at which such substantially identical stock or securities were sold or otherwise disposed of.

(11) In the case of property acquired by a corporation, during a period of affiliation, from a corporation with which it was affiliated, the basis of such property, after such period of affiliation, shall be determined, in accordance with regulations prescribed by the Secretary of State.

(12) In the case of property acquired before March 1, 1913, if the basis otherwise determined under this subsection, adjusted (for the period prior to March 1, 1913) as provided in subsection (b), is less than the fair market value of the property as of March 1, 1913, then the basis for determining gain shall be such fair market value. In determining the fair market value of stock in a corporation as of March 1, 1913, due regard shall be given to the fair market value of the assets of the corporation as of that date.

(b) The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as hereinafter provided:

(1) Proper adjustment in respect of the property shall in all cases be made—

(A) for expenditures, receipts, losses, or other items, properly chargeable to capital account, including taxes and other carrying charges on unimproved and unproductive real property, but no such adjustment shall be made for taxes or other carrying charges for which deductions have been taken by the taxpayer in determining net income for the income year;

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this Act. Where for any income year prior to the income year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have

been allowable for such year, if computed without reference to discovery value or a percentage of income;

(C) in respect of any period prior to March 1, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent sustained;

(D) in the case of stock (to the extent not provided for in the foregoing subparagraphs) for the amount of distributions previously made.

(c) Except as otherwise provided in this Act the gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the basis herein provided and the loss shall be the excess of such basis over the amount realized.

(d) In computing the amount of gain or loss under subsection (c) of this section, proper adjustment shall be made for any expenditure, receipt, loss or other item properly chargeable to capital account.

(e) The amount realized from the sale or other disposition of property shall be the sum of any money received plus the fair market price or value of the property (other than money) received.

(f) Nothing in this section shall be construed to prevent (in the case of property sold under contract providing for payments in installments) the inclusion in gross income of that portion of any installment payment representing gain or profit in the year in which such payment is received.

(g) Amounts distributed in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock, and amounts distributed in partial liquidation of a corporation shall be treated as in part or full payment in exchange for the stock.

The gain or loss to the distributee resulting from such exchange shall be determined under this section but shall be recognized only to the extent provided in Section 12.

(h) If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock and if in excess of such basis, such excess shall be included in gross income in the same manner as a gain from the sale or exchange of property. The provisions of this subdivision shall also

apply to distributions from depletion reserves based on discovery value of mines.

Sec. 12. Sale of Exchange of Properties. Upon the sale or exchange of property the entire amount of the gain or loss determined under the preceding section shall be recognized as hereinafter provided in this section:

(a) No gain or loss shall be recognized if property held for productive use in trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a like kind to be held either for productive use in trade or business or for investment.

(b) No gain or loss shall be recognized if common stock in a corporation is exchanged solely for common stock in the same corporation, or if preferred stock in a corporation is exchanged solely for preferred stock in the same corporation.

(c) No gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in another corporation a party to the reorganization.

(d) No gain or loss shall be recognized if a corporation a party to a reorganization exchanges property, in pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

(e) No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in the case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock and securities received by each is substantially in proportion to his interest in the property prior to the exchange.

(f) If an exchange would be within the provisions of subsections (a), (b), (c), (d) or (e) of this section, if it were not for the fact that the property received in exchange consists not only of property

permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

(g) If an exchange would be within the provisions of subsection (d) of this section if it were not for the fact that the property received in exchange consists not only of stock or securities permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then—

(1) If the corporation receiving such other property or money distributes it in pursuance of the plan of reorganization, no gain to the corporation shall be recognized from the exchange, but

(2) If the corporation receiving such other property or money does not distribute it in pursuance of the plan of reorganization, the gain, if any, to the corporation shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property so received, which is not so distributed.

(h) If an exchange would be within the provisions of subsections (a) to (f), inclusive, of this section, if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain or loss, but also of other property or money, then no loss from the exchange shall be recognized.

(i) If property (as a result of its destruction in whole or in part, theft or seizure, or an exercise of the power of requisition or condemnation, or the threat or imminence thereof) is compulsorily or involuntarily converted into property similar or related in service or use to the property so converted, or in money which is forthwith in good faith, under regulations prescribed by the Secretary of State, expended in the acquisition of other property similar or related in service or use to the property so converted, or in the acquisition of control of a corporation owning such other property, or in the establishment of a replacement fund, no gain or loss shall be recognized. If any part of the

money is not so expended, the gain, if any, shall be recognized, but in an amount not in excess of the money which is not so expended.

(j) As used in this section and other sections of this Act—

(1) The term "reorganization" means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation in exchange solely for all or a part of its voting stock; of at least 80 per cent of the voting stock and at least 80 per cent of the total number of shares of all other classes of stock of another corporation; or of substantially all the properties of another corporation, or (C) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its stockholders or both are in control of the corporation to which the assets are transferred, or (D) a recapitalization, or (E) a mere change in identity, form, or place of organization, however effected.

(2) The term "a party to a reorganization" includes a corporation resulting from a reorganization and includes both corporations in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another corporation.

(k) As used in this section, the term "control" means the ownership of at least 80 per cent of the voting stock and at least 80 per cent of the total number of shares of all other classes of stock of the corporation.

Sec. 13. Installment Sales. (a) Under regulations prescribed by the Secretary of State, a corporation which regularly sells or otherwise disposes of personal property on the installment plan, may return as income therefrom, in any income year, that proportion of the installment payments actually received in that year which the gross profit realized when payment is completed, bears to the total contract price.

(b) In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the income year), for a price of exceeding One Thousand (\$1,000.00) Dollars, or (2) of a sale or other disposition of real property, if in



either case the initial payments do not exceed 30 per centum of the selling price the income may, under regulations prescribed by the Secretary of State, be returned on the basis and in the manner above prescribed in this section. As used in this section, the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchase during the income period in which the sale or other disposition is made.

(c) If a taxpayer entitled to the benefits of subsection (a) elects for any income year to report his net income on the installment basis, then in computing his income for the year of exchange or any subsequent year, amounts actually received during any such year on account of sales or other disposition of property made in any prior year shall not be excluded.

(d) If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise then by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received. The basis of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full.

**Sec. 14. Computation of Minimum Tax.** Each organization subject to the provisions of this Act shall pay for the privilege of exercising its franchise in this State the larger of (1) a tax as imposed under the provisions of Section 2 of this Act, and (2) a tax equal to one twentieth of one per cent of the gross assets of the corporation employed in Texas during the income year, as hereinafter in this Act determined. In no case shall the minimum tax, as computed under this section, be less than Ten (\$10.00) Dollars. The basis for de-

termining the gross assets employed in Texas by the corporation shall be the gross assets shown on the books of the corporation as of the last day of its income year, provided, however, that corporations now required to pay annually a tax on their intangible assets as provided in Article 7105 of the Revised Statutes of 1925 as amended by Section 12 of House Bill No. 154 of the Regular Session of the Forty-fourth Legislature, shall be required to pay only one-fifth of the tax as computed under this section, and further provided that this credit shall in no way apply to the tax according to or measured by net income.

**Sec. 14a.** In computing the minimum tax under Section 14 of this Act in case of a building and loan association organized and operating wholly or partially on a mutual plan, and in arriving at the gross assets of any such building and loan association, the amount of outstanding withdrawable shares, the amount of indebtedness due to any federal home loan bank and the amount of reserves for dividends and losses shall be deducted.

**Sec. 15. Allocation of Minimum Tax Base and Net Income.** If the entire business of a corporation subject to the tax under the provisions of this Act is done within this State, the tax shall be according to or measured by its entire net income, as provided in Section 2, or according to or measured by its entire gross assets, as provided in Section 14 of this Act. If the entire business of a corporation is not done within this State, the tax shall be according to or measured by that proportion thereof of the corporation's net income which is derived from business done within this State, or according to or measured by that proportion of its gross assets used by the corporation in carrying on its business within this State. The portion of net income derived from business done within this State and the proportion of gross assets used by the corporation in carrying on its business within this State, shall be determined by an allocation upon the basis of (1) sales, (2) pay-roll, (3) value and situs of tangible property, or by reference to these or other factors or by such other methods of allocation as is fairly calculated to assign to the State the portion of income or

gross assets reasonably attributable to the business done within this State, and to avoid subjecting the taxpayer to double taxation. If the Secretary of State re-allocates income or gross assets after examination of a return he shall upon written request of the taxpayer disclose to him the basis upon which re-allocation has been made.

Sec. 16. Procedure in Special Cases. Where any corporation liable to taxation under this Act conducts its business, whether under agreement or otherwise, in such manner as either directly or indirectly to benefit the members or stockholders of the corporation, or any of them, or any person or persons, directly or indirectly interested in such business by selling its products or the goods or commodities in which it deals at less than a fair price which might be obtained therefor, or where such a corporation, a substantial portion of whose capital stock is owned either directly or indirectly by another corporation, acquires and disposes of the products of the corporation so owning the substantial portion of its capital stock in such a manner as to create a loss or improper net income, the Secretary of State may require such other facts as he deems necessary for the proper computation provided by this Act, and may for the purpose of the Act determine the amount which shall be deemed to be the entire net income of the business of such corporation for the calendar or fiscal year, and in determining such entire net income the Secretary of State shall have regard to the fair profits which, but for agreement, arrangement or understanding, might be or could have been obtained from dealing in such products, goods or commodities.

Sec. 17. Taxes when No Return Filed. If any return required by this Act is not made, it shall be the duty of the Secretary of State to make an estimate of the net income and of the gross assets from any available information, and to compute and levy the amount of tax due under this Act. All the provisions of this Act relative to delinquent taxes shall be applicable to the tax computed and levied hereunder.

Sec. 18. Receivers, Liquidators, Referees, Etc. Any receiver, liquidator, referee, trustee, assignee, or

other fiduciary or officer or agent appointed by any court who conducts the business of a corporation, shall be subject to the tax imposed by this Act in the same manner and to the same extent as if the business were conducted by the agents or officers of the corporation.

Sec. 19. Tax Lien. Taxes levied under this Act shall constitute a first, prior and preferred lien upon all the property of the taxpayer, which lien shall attach upon the first day of the taxable year. Every tax herein provided for has the effect of a judgment against the taxpayer and every lien has the effect of an execution duly levied against all property of the delinquent, and the judgment is not satisfied nor the lien removed until the tax, and the penalties, and interest are paid, or the property sold for the payment thereof.

No decree of dissolution shall be made or entered by any court nor shall the Secretary of State file any such decree or file any other document by which the terms of existence of any taxpayer shall be reduced or terminated, nor shall the Secretary of State file any certificate of the surrender by a foreign corporation of its right to do intrastate business in this State until the tax and penalties shall have been paid.

Sec. 20. Penalties for Failure to Pay Tax and File Report. If any report required of any taxpayer under the provisions of this Act is not filed within the time prescribed, the taxpayer shall thereupon become liable for a penalty of ten per centum (10%) of the amount of tax. If any tax due under the provisions of this Act other than a deficiency assessment is not paid within the time prescribed, the taxpayer shall thereupon become liable for a penalty of ten per centum (10%) of the amount of the tax.

Any person required to make, render, sign, or verify any report, as aforesaid, who makes any false or fraudulent return, with intent to defeat or evade the payment required by law to be made, shall be guilty of a misdemeanor, and shall for each such offense be fined not less than Three Hundred (\$300.00) Dollars and not more than Five Thousand (\$5,000.00) Dollars, or be imprisoned not exceeding one year in the county jail of the county where said return was

verified, or be subject to both said fine and imprisonment. The district attorney of the county in which the violation occurred must prosecute such offense.

Sec. 21. Suspension of Right to do Business. If the full amount of all taxes and penalties due by any taxpayer under the provisions of this Act is not paid within thirty days of the due date of the tax, the Secretary of State shall mail notice of such delinquency to the taxpayer at its last known address, stating the amount of taxes and all penalties due. Said notice shall also state that unless all taxes and penalties due are paid, the corporation's right to do business will be suspended. If the full amount of all taxes and penalties due are not paid within thirty days of the mailing of such notice, the right to do business of such corporation shall be suspended and a statement evidencing such suspension shall be placed by the Secretary of State in his files relating to such corporation on file in his office. As soon as practicable after such suspension, the Secretary of State shall certify to the State Tax Board the names and amounts due by such delinquent and suspended taxpayers. In addition to the powers provided in Senate Bill No. 412, Regular Session, Forty-third Legislature, the Tax Board shall have authority to seize the property of any corporation whose right to do business has been suspended, and sell such property in satisfaction of the State's lien for franchise taxes. Any corporation whose right to do business shall be thus suspended shall be denied the right to sue or defend in any court of this State, except in a suit for the forfeiture of the charter of said corporation. In any suit against such corporation on a cause of action arising before such suspension, no affirmative relief shall be granted to such corporation, unless its right to do business in this State shall be revived as provided in this Act. Each director and officer of any corporation whose right to do business within this State shall be so suspended shall, as to any and all debts of such corporation which may be created or incurred, with his knowledge, approval and consent, within this State, after such suspension by any such directors or officers, and before the revival of the right to do business of such corpora-

tion, be deemed and held liable thereon in the same manner and to the same extent as if such directors and officers of such corporation were partners. The suspension of a corporation's right to do business may be removed at any time after suspension by payment of all taxes and penalties due, together with an additional revival fee of 1% of the amount of delinquent tax for each month or fractional part of a month elapsing after such suspension. The minimum revival fee shall be Five (\$5.00) Dollars. When all taxes and penalties are paid, together with the above revival fee, the Secretary of State shall issue to the corporation a certificate of revival, and a copy of such certificate shall be placed in his file relating to such corporation.

Sec. 22. Assessment of Deficiency Tax. As soon as practicable after the return is filed, the Secretary of State shall examine it and shall determine the correct amount of the tax. If the Secretary of State determines that the tax disclosed by the original return is less than the tax disclosed by his examination he shall mail notice to the taxpayer at its postoffice address (which must appear on its return) of the additional tax proposed to be assessed against it plus a penalty of one per cent per month or fractional part thereof computed on the amount of the deficiency from the date the tax was due. Such notice shall set forth the details of the proposed additional assessment and of computing said tax.

Within sixty days after the mailing of said notice the tax-payer may file with the Secretary of State a written protest against the levy of the proposed additional tax, as computed by the Secretary of State, specifying therein the grounds upon which the protest is based. The protest must be under oath. If no such protest is so filed the amount of the tax shall be final upon the expiration of said sixty-day period. If a protest is so filed it shall be the duty of the Secretary of State to reconsider the computation and levy of the tax complained of, and if the taxpayer has so requested in its protest, it shall be the duty of the Secretary of State to grant said taxpayer, or its authorized representatives, an oral hearing. After consideration of the protest and the evidence adduced

in the event of such oral hearing, the Secretary of State's action upon the protest shall be final upon the expiration of thirty days from the date when he mails to the taxpayer notice of his action, unless within that thirty-day period the taxpayer appeals in writing from the action of the Secretary of State to the State Tax Board. The appeal must be addressed and mailed to the State Tax Board at Austin, Texas, and a copy of the appeal addressed and mailed at the same time to the Secretary of State at Austin. Said Board shall hear and determine the same and thereafter shall forthwith notify the taxpayer and the Secretary of State of its determination, and the reasons therefor. The Attorney General or his authorized representative shall sit as a member of the State Tax Board in the place of the Secretary of State when said Board is hearing appeals of taxpayers from decisions of the Secretary of State.

When a deficiency has been determined and the tax has become final under the provisions of this Section, the Secretary of State shall mail notice and demand to the taxpayer for the payment thereof plus the one per cent (1%) penalty provided in this Section, and such tax and penalty shall be due and payable at the expiration of ten days from the date of such notice and demand, and the taxpayer shall be subject to the suspension provided in Section 21 of this Act. Provided, however, that the taxpayer shall be entitled to pay the tax and penalty under protest and file suit for recovery as provided in House Bill No. 11, Regular Session, Forty-third Legislature.

A certificate by the Secretary of State or of said Board, as the case may be, of the mailing of the notices specified in this Section, shall be prima facie evidence of the computation and levy of the deficiency in tax and of the giving of said notices.

Except in the case of a fraudulent return, every notice of additional tax proposed to be assessed hereunder shall be mailed to the taxpayer within three years after the return was filed and no deficiency shall be assessed or collected with respect to the year for which such return was filed unless such notice is mailed within such period. For the purpose of this paragraph a return filed be-

fore the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

Sec. 23. Examinations. The Secretary of State or any of his authorized representatives shall have authority to examine at the principal or at any other office in the United States of any taxpayer subject to the provisions of this Act, all books, records, papers, memoranda, and also any officers, or employees thereof under oath and upon failure or refusal of any person or corporation to permit such examinations, such person or corporation shall be fined not less than Five Hundred nor more than Five Thousand Dollars. Each such refusal shall constitute a separate offense.

Sec. 24. Administration. The administration of the provisions of this Act shall be vested in the Secretary of State. It shall be the duty of the Secretary of State and the Attorney General to see that its provisions are at all times obeyed and to take such measures and to make such investigations as will prevent or detect the violation of any provisions hereof. The Secretary of State shall have the authority to promulgate rules and regulations for the proper enforcement of this Act.

Sec. 25. Computation of First Tax Under this Act. On or before May 1, 1937, every corporation, except as provided in Section 9, subdivision (b), required to pay a tax under the provisions of this Act shall file with the Secretary of State a return as provided in Section 9, subdivision (a) of this Act; such return shall reflect the condition of the corporation as of the end of its last accounting period prior to May 1, 1937. Such return shall be the basis for tax to be computed by the taxpayer in accordance with the provisions of Sections 2 and 14 of this Act for the period from May 1, 1937, to the first day of the fifth month following the expiration of such corporation's first fiscal or calendar year ending after May 1, 1937. In case the return filed by the taxpayer discloses a fiscal year closing then the amount of tax due shall be increased in proportion to the number of months more than one year which will elapse after May 1, 1937, before the first day of the fifth month following the end of the next fiscal year, or decreased in pro-

portion to the number of months less than one year which will elapse after May 1, 1937, before the first day of the fifth month following the end of the next fiscal year. In all subsequent years the tax shall be paid in advance as otherwise provided in this Act. The Secretary of State shall have authority to grant an extension of time for the filing of the report required and payment of tax required under this Section to any date not later than August 1, 1937. No penalty shall accrue when such extension has been granted. Such extension of time from the Secretary of State must be attached to the report by the taxpayer when filing. The first tax to be collected under the provisions of this Act shall be for a taxable period beginning May 1, 1937.

Sec. 26. Date first tax due. The first tax due under this Act shall be for a taxable period beginning May 1, 1937, providing, however, that if this Act is not effective by that date, then the first tax due under this Act shall be for a period beginning on the effective date of the Act, and the tax for the period from May 1, 1937 to the effective date of the Act shall be computed under the existing franchise tax law and for the balance of the period under this Act. The entire amount due shall be credited with any payments made under the existing law for the tax year beginning May 1, 1937, and if a credit balance should result the Secretary of State shall credit the liability for franchise taxes for the period under this Act with the amount of such overpayment. In the event this Act is effective after May 1, 1937, then the Secretary of State shall have authority to grant an extension of time for the filing of the report and payment of the tax due hereunder for any period not exceeding ninety days after the effective date of the Act.

Sec. 27. Allocation of funds. Upon and after the effective date of this Act 50% of the amount collected shall be deposited by the Treasurer to the credit of the Texas Old Age Assistance fund and 50% shall be deposited to the General Revenue fund.

Sec. 28. Repealing Clause. All laws and parts of laws in conflict herewith and especially Chapter 3 of Title 122 of the Revised Statutes of 1925, as amended by House Bill No.

12 of the Fifth Called Session of the Forty-first Legislature, and as amended by House Bill No. 381 of the Regular Session of the Forty-second Legislature, be and the same are hereby repealed; providing, however, that nothing in this Act shall be construed to repeal any statute requiring the payment of any tax other than a franchise tax as now required to be paid under the provisions of Title 122 of the Revised Statutes of 1925, as amended; nor shall anything in this Act be construed to repeal any statute providing for the regulation or supervision of any corporation or group of corporations, nor shall anything in this Act be construed to repeal any statute requiring the deposit or investment of funds by any corporation or group of corporations, and further providing that nothing in this Act shall be construed to relieve any corporation of liability for taxes, penalties or interest which have accrued under the existing franchise tax law, this Act shall not in any manner affect the obligation for the payment of any Taxes that have accrued and that are now due under provisions of Chapter 2, Title 78, Revised Civil Statutes of 1925, and subsequent amendments, but the obligation as now provided by law for the payment of such taxes, shall remain in full force and effect. This Act shall repeal all statutes which require the payment of more than one Franchise Tax by any one corporation; it being the intention of this Act to levy only one Franchise Tax upon each corporation although such corporation may be chartered for more than one business purpose. And providing that all legal or other proceedings begun under the existing franchise tax law and not completed at the time of taking effect of this Act shall remain in full force and effect notwithstanding the passage of this Act.

Sec. 29. Constitutional Clause. The provisions of this Act are severable, and if any section, paragraph, sentence, phrase, word or any other part thereof, be held invalid, it is hereby declared the intent of the Legislature the remaining part of this Act would be enacted notwithstanding such invalid parts.

Sec. 30. Emergency Clause. The fact that the present franchise tax law fails to distribute the burden of taxation evenly and does not equitable

measure the value of the corporate privileges granted by the State, and the fact that the additional revenue provided by this Act is badly needed to replenish the General Revenue Fund and Old Age Assistance fund, and the fact that it is necessary that this Act be made effective as quickly as possible in order that the Secretary of State may have adequate time to set up proper administrative machinery prior to the date the first payments and reports are due, creates an emergency and an imperative public necessity requiring that the Constitutional Rule that bills shall be read on three several days in each House, be suspended, and said Rule is hereby suspended, and this Act shall take effect and be in force from and after its passage, and it is so enacted.

Mr. Jones of Wise offered the following amendment to the amendment:

Amend amendment, by striking out in Section 4 all of subsection "H".

The amendment was adopted.

Mr. Petsch moved the previous question on the pending amendment, and the passage of House Bill No. 4 to engrossment, and the motion was duly seconded.

Question recurring on the motion for the main question, it was lost.

Mr. Tarwater offered the following amendment to the amendment by Mr. Jones of Wise:

Amend amendment to House Bill No. 4, by changing period to comma in the third line from the bottom of page one following the word "societies" in Section 3 and adding the following:

"and/or farmers or fruit growers incorporated under the Cooperative Marketing Laws of this State, but like associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers and turning back to them the proceeds of sales less the necessary marketing expenses and a reasonable reserve for any necessary purpose, (b) and/or for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary

expenses and a reasonable reserve for any necessary purpose."

TARWATER,  
MOFFETT,  
ALEXANDER,  
FIELDEN.

The amendment to the amendment was adopted.

Mr. Jones of Atascosa moved to table the amendment by Mr. Jones of Wise.

Question recurring on the motion to table the amendment, yeas and nays were demanded.

The motion to table was lost by the following vote:

#### Yeas—63

Alexander	Mann
Alsup	McConnell
Blankenship	McCracken
Bond	McDonald
Boyer	McFarland
Bradford	McKee
Bridgers	McKinney
Carssow	Morse
Celaya	Newton
Colquitt	Nicholson
Davisson	Pope
of Eastland	Reader
Dean	Reed of Bowie
Dickison	Reed of Dallas
Felty	Riddle
Fox	Russell
Gibson	Schuenemann
Hankamer	Settle
Hanna	Sewell
Harris of Dallas	Sharpe
Hartzog	Shell
Heflin	Smith
Hoskins	of Matagorda
Howard	Smith of Tarrant
Hull	Stinson
Jackson	Tennant
James	Tennyson
Jones of Atascosa	Thornton
Keith	Vale
Kenyon	Walker
Knetsch	Winfree
Leonard	Wood
Little	

#### Nays—71

Adkins	Burton
Amos	Cagle
Baker	Callan
Bates	Cathey
Beckworth	Cauthorn
Bell	Cleveland
Boethel	Davison of Fisher
Bradbury	Deglandon
Broadfoot	Derden
Brown	Dollins

England	Metcalf
Farmer	Moffett
Fielden	Monkhouse
Fuchs	Morris
Graves	Oliver
Hamilton	Palmer
Hardin	Patterson of Mills
Harrell	Patterson
Harris of Archer	of Travis
Harris of Dickens	Petsch
Holland	Prescott
Huddleston	Quinn
Hyder	Rhodes
Johnson of Ellis	Roark
Jones of Angelina	Ross
Jones of Falls	Rutta
Jones of Wise	Simpson
Keefe	Skaggs
Kelt	Smith of Hopkins
King	Stocks
Lankford	Talbert
Lanning	Tarwater
Leath	Thornberry
Loggins	Weldon
London	Westbrook
Lucas	Worley

## Present—Not Voting

Davis of Haskell	Johnson
Harbin	of Tarrant
Herzik	Waggoner

## Absent

Davis of Jasper	Mays
Harper	Ragsdale
Leyendecker	Stevenson

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Johnson of Tarrant (present), who would vote "yea", with Mr. Langdon (absent), who would vote "nay".

Mr. Waggoner (present), who would vote "yea", with Mr. Powell (absent), who would vote "nay".

Mr. Harris of Dallas moved that House Bill No. 4 be recommitted to the Committee on Revenue and Taxation.

Question—Shall the motion to recommit House Bill No. 4 prevail?

## NAMING GRADY LEE CALVERT, JR., AS MASCOT

Mr. Hamilton offered the following resolution:

Whereas, We are honored this morning by the presence of a charm-

ing visitor from the distant State of Michigan in the person of Master Grady Lee Calvert, Jr., age two, a nephew of our beloved Speaker, Robert W. Calvert; and

Whereas, Master Grady Lee Calvert, Jr., will add dignity, grace and personality to our already fine personnel of the mascots; now, therefore, be it

Resolved, That Master Grady Lee Calvert, Jr., be and is hereby officially named a Mascot of the Forty-fifth House of Representatives of Texas; and, be it further

Resolved, That his portrait be included in the official block picture of this House.

HAMILTON,  
CLEVELAND,  
RUTTA.

The resolution was read second time, and was adopted.

## SENATE BILL ON FIRST READING

The following Senate bill, received from the Senate today, was laid before the House, read first time, and referred to the appropriate committee, as follows:

Senate Bill No. 137, to the Committee on Judiciary.

## BILLS SIGNED BY THE SPEAKER

The Speaker signed, in the presence of the House, after giving due notice thereof, and their captions had been read severally, the following enrolled bills:

H. B. No. 655, "An Act providing for the amount that may be allowed by County Boards of Trustees to the County Superintendents of Public Instruction for expenditures for office and traveling expenses in certain counties according to the last preceding Federal Census; repealing all laws and parts of laws, General or Special, in conflict therewith, and declaring an emergency."

S. B. No. 99, "An Act making appropriations for the support and maintenance of West Texas State Teachers College and for the erection of permanent improvements at the West Texas State Teachers College, and declaring an emergency."

S. B. No. 282, "An Act to amend Article 7256, Revised Civil Statutes of Texas, 1925, as amended by Sec-

tion 1, Chapter 16, Acts of the First Called Session of the Forty-third Legislature, and declaring an emergency."

#### RECESS

On motion of Mr. Wood, the House, at 12:10 o'clock p. m., took recess to 2:00 o'clock p. m., today.

#### AFTERNOON SESSION

The House met at 2:00 o'clock p. m., and was called to order by the Speaker.

#### REQUEST OF SENATE GRANTED

On motion of Mr. Metcalfe, the House granted the request of the Senate for the appointment of a conference committee to adjust the differences between the House and Senate on Senate Concurrent Resolution No. 1.

#### CONFERENCE COMMITTEE ON SENATE CONCURRENT RESOLUTION NO. 1

The Speaker announced the appointment of the following conference committee, on the part of the House, on Senate Concurrent Resolution No. 1: Messrs. Petsch, Pope, Metcalfe, Bell and Smith of Hopkins.

#### TO GRANT PERMISSION TO SUE THE STATE

Mr. Jones of Atascosa offered the following resolution:

H. C. R. No. 80, To grant permission to sue the State.

Whereas, On January 21st, 1936, and up to and including January 24th, 1936, one Henderson Moore of Atascosa County, Texas, an employee of the State Highway Commission of Texas and while in the service and under the supervision of said Highway Commission and doing construction work on Highway No. 66, and at a point on said highway in Atascosa County, Texas, received an injury while working for said Highway Commission, which incapacitated him and forced hospitalization including medical treatment and X-ray, and which services were rendered by Dr. C. C. Shotts of Poteet, Texas, said services being necessary and urgent and being an emergency, and said services being performed at the instance and request

of the Highway Department, its agents and officials; and

Whereas, As a result of said accident and injury, the said Henderson Moore incurred expenses, including anesthetic, X-ray, hospitalization and medical treatment, aggregating Forty-eight Dollars and Fifty Cents (\$48.50); and

Whereas, The said Henderson Moore was not able at the time of receiving such injury to pay said bill; and

Whereas, Said bill was incurred through the recommendation and at the instance and request of the Highway Department, its agents and employees; and

Whereas, Said Highway Department and said Highway Commission have failed and refused to pay said bill or any part thereof; therefore, be it

Resolved by the House of Representatives, the Senate concurring, That the said C. C. Shotts of Atascosa County, Texas, be, and by virtue of this resolution is permitted, to file and prosecute his suit in a court of competent jurisdiction; that the said C. C. Shotts may secure service by citing the Attorney General on the part of the State and by citing the Highway Commissioner on the part of the Highway Commission; that the venue be in Atascosa County, Texas; that the procedure be governed by the existing rules and regulations as govern other civil cases of a like character; that either party may have the right of appeal from judgment of the trial court; that neither the State nor the Highway Commission shall be required to execute appeal bond; that in the event of judgment in favor of the said C. C. Shotts that a certified copy of the same will be sufficient authority for the Comptroller to issue and the State Treasurer to pay the same out of the State Highway Fund of this State.

The resolution was read second time, and was referred, by the Speaker, to the Committee on State Affairs.

#### REQUEST OF SENATE GRANTED

On motion of Mr. Moffett, the House granted the request of the Senate for the appointment of a conference committee to adjust the differences between the House and the Senate on Senate Bill No. 301.



CONFERENCE COMMITTEE AP-  
POINTED ON SENATE  
BILL NO. 301

The Speaker announced the appointment of the following conference committee, on the part of the House, on Senate Bill No. 301: Messrs. Moffett, Morris, Derden, McCracken and Bond.

HOUSE BILL NO. 4 ON PASSAGE  
TO ENGROSSMENT

The House resumed consideration of pending business, same being House Bill No. 4, relative to imposing certain franchise tax, on its passage to engrossment, with amendment by Mr. Jones of Wise, and motion by Mr. Harris of Dallas that House Bill No. 4 be recommitted to the Committee on Revenue and Taxation, pending.

Mr. Bates moved to table the motion of Mr. Harris of Dallas to recommit the bill.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

Yeas—68

Adkins	Jones of Angelina
Alsup	Jones of Falls
Amos	Jones of Wise
Baker	Keefe
Bates	Kelt
Beckworth	King
Bell	Lankford
Boethel	Lanning
Bond	Loggins
Bradbury	London
Broadfoot	Lucas
Brown	Mays
Burton	McConnell
Callan	Moffett
Cauthorn	Morris
Cleveland	Oliver
Davis of Jasper	Palmer
Davison of Fisher	Patterson of Mills
Davisson	Patterson
of Eastland	of Travis
Deglandon	Petsch
Dollins	Prescott
England	Quinn
Farmer	Ragsdale
Fielden	Roark
Fox	Ross
Fuchs	Russell
Graves	Simpson
Hamilton	Smith of Hopkins
Harbin	Stocks
Hardin	Talbert
Harper	Tarwater
Harris of Archer	Thornberry
Heflin	Weldon
Holland	Worley

Nays—53

Alexander	McCracken
Blankenship	McDonald
Boyer	McFarland
Bridgers	McKee
Carssow	McKinney
Cathey	Morse
Celaya	Nicholson
Davis of Haskell	Pope
Dean	Reader
Dickison	Reed of Bowie
Hanna	Reed of Dallas
Harris of Dallas	Schuenemann
Harris of Dickens	Settle
Hartzog	Sewell
Howard	Sharpe
Hull	Shell
Hyder	Smith
Jackson	of Matagorda
James	Smith of Tarrant
Johnson of Ellis	Stinson
Jones of Atascosa	Tennyson
Keith	Thornton
Kenyon	Vale
Knetsch	Walker
Leonard	Westbrook
Little	Winfree
Mann	Wood

Present—Not Voting

Herzik	Metcalfe
Johnson	
of Tarrant	

Absent

Bradford	Leyendecker
Cagle	Monkhouse
Colquitt	Newton
Derden	Rhodes
Felty	Riddle
Gibson	Rutta
Hankamer	Skaggs
Harrell	Stevenson
Hoskins	Tennant
Huddleston	Waggoner
Leath	

Absent—Excused

Kern	Mauritz
Langdon	Powell

PAIRED

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Prescott moved the previous question on the pending amendment, and the engrossment of House Bill No. 4, and the motion was duly seconded.

Question recurring on the motion for the main question, yeas and nays were demanded.

The motion was lost by the following vote:

Yeas—58

Alsup	King
Amos	Lankford
Baker	Loggins
Bates	London
Beckworth	Lucas
Bell	Mays
Boethel	Moffett
Bond	Morris
Broadfoot	Oliver
Brown	Patterson of Mills
Callan	Patterson
Cleveland	of Travis
Davis of Haskell	Petsch
Davis of Jasper	Prescott
Davison of Fisher	Quinn
Deglandon	Ragsdale
Derden	Reed of Bowie
Dollins	Rhodes
Fuchs	Roark
Graves	Ross
Hamilton	Russell
Harbin	Simpson
Hardin	Smith of Hopkins
Harrell	Stocks
Harris of Archer	Talbert
Holland	Tarwater
Jones of Angelina	Thornberry
Jones of Wise	Weldon
Keefe	Westbrook
Kelt	

Nays—68

Adkins	Howard
Alexander	Hull
Blankenship	Hyder
Boyer	Jackson
Bridgers	James
Burton	Johnson of Ellis
Carssow	Jones of Atascosa
Cauthorn	Jones of Falls
Celaya	Keith
Colquitt	Kenyon
Davisson	Knetsch
of Eastland	Lanning
Dean	Leonard
Dickison	Little
England	Mann
Farmer	McConnell
Fielden	McCracken
Fox	McDonald
Hankamer	McFarland
Hanna	McKee
Harris of Dallas	McKinney
Harris of Dickens	Monkhouse
Hartzog	Morse
Heflin	Nicholson
Herzik	Pope
Hoskins	Reader

Reed of Dallas	Smith of Tarrant
Rutta	Stinson
Schuenemann	Tennyson
Settle	Thornton
Sewell	Vale
Sharpe	Walker
Shell	Winfree
Smith	Wood
of Matagorda	Worley

Present—Not Voting

Johnson	Metcalf
of Tarrant	

Absent

Bradbury	Leyendecker
Bradford	Newton
Cagle	Palmer
Cathey	Riddle
Felty	Skaggs
Gibson	Stevenson
Harper	Tennant
Huddleston	Waggoner
Leath	

Absent—Excused

Kern	Mauritz
Langdon	Powell

PAIRED

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Howard offered the following amendment to the amendment by Mr. Jones of Wise:

Amend amendment to House Bill No. 4, Section 3, line 2 after the word "corporation" and before the word "or", by inserting in lieu thereof the following words: "any corporation incorporated under the laws of the State of Texas."

Mr. Jones of Wise moved to table the amendment by Mr. Howard.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

Yeas—69

Adkins	Boethel
Alsup	Bradbury
Amos	Broadfoot
Baker	Brown
Bates	Burton
Beckworth	Cagle
Bell	Callan

Cauthorn	London
Cleveland	Lucas
Davis of Haskell	Mays
Davisson	McConnell
of Eastland	Moffett
Deglandon	Monkhouse
Derden	Morris
Dollins	Nicholson
England	Oliver
Farmer	Patterson of Mills
Fuchs	Patterson
Graves	of Travis
Hamilton	Prescott
Harbin	Ragsdale
Hardin	Rhodes
Harris of Archer	Roark
Herzik	Ross
Holland	Russell
Huddleston	Rutta
Hyder	Simpson
Jones of Angelina	Skaggs
Jones of Falls	Stocks
Jones of Wise	Talbert
Keefe	Tarwater
Kelt	Thornberry
King	Weldon
Lankford	Westbrook
Lanning	Worley
Loggins	

## Nays—59

Alexander	Kenyon
Blankenship	Knetsch
Bond	Leonard
Boyer	Little
Bradford	Mann
Bridgers	McCracken
Carsow	McDonald
Cathey	McKee
Celaya	McKinney
Colquitt	Morse
Davison of Fisher	Pope
Dean	Quinn
Dickison	Reader
Fielden	Reed of Bowie
Hankamer	Schuenemann
Hanna	Settle
Harper	Sewell
Harrell	Sharpe
Harris of Dallas	Shell
Harris of Dickens	Smith of Hopkins
Hartzog	Smith
Heflin	of Matagorda
Hoskins	Smith of Tarrant
Howard	Stinson
Hull	Tennyson
Jackson	Thornton
James	Vale
Johnson of Ellis	Walker
Jones of Atascosa	Winfree
Keith	Wood

## Present—Not Voting

Johnson	Waggoner
of Tarrant	

## Absent

Davis of Jasper	Newton
Felty	Palmer
Fox	Petsch
Gibson	Reed of Dallas
Leath	Riddle
Leyendecker	Stevenson
McFarland	Tennant
Metcalfe	

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Leonard offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, Section 7, by adding a new subsection after subsection (4) to be known as subsection (5) and renumbering subsection five (5) as six (6) and to read as follows:

"(5) All amounts paid out as death claims under policy contracts during the year."

Mr. Jones of Wise moved to table the amendment.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—71

Adkins	Deglandon
Amos	Derden
Baker	Dollins
Bates	England
Beckworth	Farmer
Bell	Fuchs
Boethel	Graves
Bond	Hamilton
Bradbury	Hardin
Broadfoot	Harrell
Brown	Harris of Archer
Burton	Herzik
Cagle	Holland
Callan	Huddleston
Cauthorn	Jones of Angelina
Cleveland	Jones of Falls
Davis of Haskell	Jones of Wise
Davis of Jasper	Keefe
Davison of Fisher	Kelt
Davisson	King
of Eastland	Lankford

Lanning	Roark
Loggins	Ross
London	Russell
Lucas	Rutta
Mays	Sewell
McConnell	Simpson
Monkhouse	Skaggs
Morris	Smith of Hopkins
Nicholson	Stocks
Oliver	Talbert
Patterson of Mills	Tarwater
Patterson	Thornberry
of Travis	Weldon
Prescott	Westbrook
Ragsdale	Worley
Rhodes	

## Nays—57

Alexander	Kenyon
Alsup	Knetsch
Blankenship	Leonard
Boyer	Little
Bradford	Mann
Bridgers	McCracken
Carssow	McDonald
Cathey	McKee
Celaya	McKinney
Colquitt	Moffett
Dean	Morse
Dickison	Newton
Fielden	Pope
Hankamer	Quinn
Hanna	Reader
Harper	Reed of Bowie
Harris of Dallas	Schuenemann
Harris of Dickens	Sharpe
Hartzog	Shell
Heflin	Smith
Hoskins	of Matagorda
Howard	Smith of Tarrant
Hull	Stinson
Hyder	Tennyson
Jackson	Thornton
James	Vale
Johnson of Ellis	Walker
Jones of Atascosa	Winfree
Keith	Wood

## Present—Not Voting

Harbin	Waggoner
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## Absent

Felty	Metcalfe
Fox	Palmer
Gibson	Petsch
Johnson	Reed of Dallas
of Tarrant	Riddle
Leath	Settle
Leyendecker	Stevenson
McFarland	Tennant

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Celaya offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, by adding at the end of the first sentence of Section 2 thereof the following:

"Provided, however, that corporations now paying a tax measured by gross receipts shall be allowed to deduct from the tax that would otherwise be payable under this Section or under Section 14, the amount of such gross receipts tax."

Mr. Jones of Wise moved to table the amendment.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—80

Adkins	Harrell
Alsup	Harris of Archer
Amos	Herzik
Baker	Holland
Bates	Huddleston
Beckworth	Hyder
Bell	Jones of Angelina
Boethel	Jones of Falls
Bond	Jones of Wise
Bradbury	Keefe
Bradford	Kelt
Bridgers	King
Broadfoot	Knetsch
Brown	Lankford
Burton	Lanning
Cagle	Loggins
Callan	London
Cathey	Lucas
Cauthorn	Mays
Cleveland	McConnell
Davis of Haskell	Moffett
Davis of Jasper	Morris
Davison of Fisher	Oliver
Davisson	Palmer
of Eastland	Patterson of Mills
Deglandon	Patterson
Derden	of Travis
Dollins	Prescott
England	Ragsdale
Farmer	Rhodes
Fox	Roark
Fuchs	Russell
Graves	Rutta
Hamilton	Sharpe
Harbin	Simpson
Hardin	Skaggs
Harper	Smith of Hopkins

Smith  
of Matagorda  
Stocks  
Talbert  
Tarwater

Thornberry  
Weldon  
Westbrook  
Worley

## Nays—46

Blankenship	Mann
Boyer	McCracken
Carssow	McDonald
Celaya	McKee
Colquitt	McKinney
Dean	Morse
Dickison	Newton
Hankamer	Nicholson
Hanna	Pope
Harris of Dickens	Quinn
Hartzog	Reader
Heflin	Reed of Bowie
Hoskins	Riddle
Howard	Schuenemann
Hull	Sewell
Jackson	Shell
James	Smith of Tarrant
Johnson of Ellis	Stinson
Jones of Atascosa	Thornton
Keith	Vale
Kenyon	Walker
Leonard	Winfree
Little	Wood

## Present—Not Voting

Johnson  
of Tarrant

Waggoner

## Absent

Alexander	Monkhouse
Felty	Petsch
Fielden	Reed of Dallas
Gibson	Ross
Harris of Dallas	Settle
Leath	Stevenson
Leyendecker	Tennant
McFarland	Tennyson
Metcalf	

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Roark moved the previous question on the pending amendment, and the passage of House Bill No. 4 to engrossment, and the motion was duly seconded.

Question recurring on the motion for the main question, yeas and nays were demanded.

The motion was lost by the following vote:

## Yeas—63

Alsup	Jones of Angelina
Amos	Jones of Falls
Baker	Jones of Wise
Bates	Keefe
Beckworth	Kelt
Bell	King
Boethel	Lankford
Bond	Loggins
Bradbury	London
Broadfoot	Lucas
Brown	Mays
Cagle	Moffett
Callan	Morris
Cleveland	Oliver
Davis of Haskell	Palmer
Davis of Jasper	Patterson of Mills
Davison of Fisher	Patterson
Deglandon	of Travis
Derden	Prescott
Dollins	Quinn
England	Ragsdale
Farmer	Rhodes
Fuchs	Roark
Graves	Ross
Hamilton	Simpson
Hardin	Skaggs
Harper	Smith of Hopkins
Harrell	Stocks
Harris of Archer	Talbert
Herzik	Tarwater
Holland	Thornberry
Huddleston	Weldon

## Nays—69

Adkins	Hartzog
Alexander	Heflin
Blankenship	Hoskins
Boyer	Howard
Bradford	Hull
Bridgers	Hyder
Burton	Jackson
Carssow	James
Cathey	Johnson of Ellis
Cauthorn	Jones of Atascosa
Celaya	Keith
Colquitt	Kenyon
Davison	Knetsch
of Eastland	Lanning
Dean	Leonard
Dickison	Little
Fielden	Mann
Fox	McConnell
Hankamer	McCracken
Hanna	McDonald
Harris of Dallas	McKee
Harris of Dickens	McKinney

Monkhouse	Shell
Morse	Smith
Newton	of Matagorda
Nicholson	Smith of Tarrant
Pope	Stinson
Reader	Tennyson
Reed of Bowie	Thornton
Riddle	Vale
Russell	Walker
Rutta	Westbrook
Schuenemann	Winfree
Settle	Wood
Sewell	Worley
Sharpe	

Present—Not Voting

Johnson	Waggoner
of Tarrant	

Absent

Felty	Metcalf
Gibson	Petsch
Harbin	Reed of Dallas
Leath	Stevenson
Leyendecker	Tennant
McFarland	

Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Colquitt offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, by adding a new subsection to be known as subsection —, to read as follows:

"Provided, however, the tax assessed herein shall not apply to the following concerns, corporations, businesses and enterprises: To those organized for the purpose of religious worship, those providing places of burial not for private profit, those paying gross premium receipts taxes under the law as provided in Titles 78 and 122, Revised Civil Statutes, 1925, those organized for the purpose of holding agricultural fairs and encouraging agricultural pursuits, those organized for strictly educational purposes; and to amusement companies giving benefit performances and donating the proceeds of the

specific performance to some charitable, religious and/or policemen and firemen pension fund."

Mr. Jones of Wise moved to table the amendment by Mr. Colquitt.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—76

Adkins	Jones of Falls
Alsup	Jones of Wise
Amos	Keefe
Baker	Kelt
Bates	King
Beckworth	Knetsch
Bell	Lankford
Boethel	Lanning
Bond	Loggins
Bradbury	London
Bridgers	Lucas
Brown	Mays
Burton	Moffett
Cagle	Monkhouse
Callan	Morris
Cauthorn	Nicholson
Cleveland	Oliver
Davis of Haskell	Palmer
Davis of Jasper	Patterson of Mills
Davisson	Patterson
of Eastland	of Travis
Deglandon	Prescott
Derden	Ragsdale
Dollins	Rhodes
England	Roark
Farmer	Ross
Fox	Russell
Fuchs	Rutta
Graves	Simpson
Hamilton	Skaggs
Hardin	Smith of Hopkins
Harper	Stocks
Harrell	Talbert
Harris of Archer	Tarwater
Holland	Tennyson
Huddleston	Thornberry
Hull	Weldon
Johnson of Ellis	Westbrook
Jones of Angelina	Worley

## Nays—53

Blankenship	Hankamer
Boyer	Hanna
Bradford	Harris of Dallas
Carssow	Harris of Dickens
Cathy	Hartzog
Celaya	Heflin
Colquitt	Herzik
Dean	Hoskins
Dickison	Howard
Fielden	Hyder

Jackson	Reed of Bowie
James	Riddle
Keith	Schuenemann
Kenyon	Settle
Leonard	Sewell
Little	Sharpe
Mann	Shell
McConnell	Smith
McCracken	of Matagorda
McDonald	Smith of Tarrant
McKee	Stevenson
McKinney	Stinson
Morse	Thornton
Newton	Vale
Pope	Walker
Quinn	Winfree
Reader	Wood

Present—Not Voting

Johnson	Waggoner
of Tarrant	

Absent

Alexander	Leath
Broadfoot	Leyendecker
Davison of Fisher	McFarland
Felty	Metcalf
Gibson	Petsch
Harbin	Reed of Dallas
Jones of Atascosa	Tennant

Absent—Excused

Kern	Mauritz
Langdon	Powell

PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Hartzog offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, by adding at the end of the first section in Section 3 (a) the following language:

"nor any corporation engaged in the business of producing or distributing farming, agricultural or ranch products."

Mr. Tarwater moved to table the amendment.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

Yeas—67

Adkins	Bates
Alsup	Beckworth
Amos	Bell
Baker	Boethel

Bond	King
Bradbury	Lankford
Brown	Lanning
Burton	Loggins
Cagle	London
Callan	Lucas
Cathey	Mays
Cleveland	McConnell
Davis of Haskell	Morris
Davison of Fisher	Oliver
Davison	Palmer
of Eastland	Patterson of Mills
Deglandon	Patterson
Derden	of Travis
Dollins	Petsch
England	Prescott
Farmer	Ragsdale
Fielden	Rhodes
Fuchs	Roark
Graves	Ross
Hamilton	Rutta
Harbin	Sewell
Hardin	Simpson
Harrell	Skaggs
Harris of Archer	Stocks
Herzik	Talbert
Holland	Tarwater
Jones of Angelina	Thornberry
Jones of Wise	Weldon
Keefe	Westbrook
Kelt	

Nays—61

Alexander	Mann
Blankenship	McCracken
Boyer	McDonald
Bradford	McKee
Bridgers	McKinney
Carssow	Moffett
Celaya	Monkhouse
Colquitt	Morse
Davis of Jasper	Newton
Dean	Pope
Dickison	Quinn
Fox	Reader
Hankamer	Reed of Bowie
Harper	Riddle
Harris of Dallas	Russell
Harris of Dickens	Schuenemann
Hartzog	Settle
Heflin	Sharpe
Hoskins	Shell
Howard	Smith of Hopkins
Huddleston	Smith
Hyder	of Matagorda
Jackson	Stevenson
James	Stinson
Johnson of Ellis	Tennyson
Jones of Atascosa	Thornton
Keith	Vale
Kenyon	Walker
Knetsch	Winfree
Leonard	Wood
Little	Worley

## Present—Not Voting

Cauthorn  
Johnson  
of Tarrant

Metcalf  
Waggoner

## Absent

Broadfoot  
Felty  
Gibson  
Hanna  
Hull  
Jones of Falls  
Leath

Leyendecker  
McFarland  
Nicholson  
Reed of Dallas  
Smith of Tarrant  
Tennant

## Absent—Excused

Kern  
Langdon

Mauritz  
Powell

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Carssow offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, by inserting the following words after the word "societies" on the 13th line of Section three, on page one:

"And corporations engaged in the encouragement of agriculture, horticulture and live stock industries, to aid its members in producing and marketing agricultural products, or for acquiring, raising, breeding, fattening, or marketing live stock."

The amendment was adopted.

Mr. Hartzog offered the following amendment to the amendment:

Amend amendment to House Bill No. 4, by adding at the end of the first sentence of Section 2 thereof the following:

"; provided, however, that any corporation now or hereafter subject to the payment of a special tax measured by gross production, gross receipts or gross premiums shall be allowed to deduct from the tax which would otherwise be payable under this section or under Section 14, hereof, the amount payable by it as such tax measured by gross production, receipts or premiums."

Mr. Jones of Wise moved to table the amendment by Mr. Hartzog.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—80

Adkins	Jones of Wise
Alexander	Keefe
Alsup	Kelt
Amos	King
Baker	Knetsch
Bates	Lankford
Beckworth	Lanning
Bell	Leath
Boethel	Loggins
Bond	London
Bradbury	Lucas
Brown	Mays
Burton	McConnell
Cagle	McDonald
Callan	Moffett
Cathey	Morris
Cauthorn	Oliver
Cleveland	Palmer
Davis of Haskell	Patterson of Mills
Davis of Jasper	Patterson
Davison of Fisher	of Travis
Deglandon	Petsch
Derden	Prescott
Dollins	Ragsdale
England	Rhodes
Farmer	Roark
Fielden	Ross
Fuchs	Russell
Graves	Rutta
Hamilton	Sewell
Harbin	Simpson
Hardin	Skaggs
Harper	Smith of Hopkins
Harris of Archer	Stocks
Harris of Dickens	Talbert
Herzik	Tarwater
Holland	Thornberry
Huddleston	Weldon
Hyder	Westbrook
Jones of Angelina	Worley
Jones of Falls	

## Nays—53

Blankenship	Harris of Dallas
Boyer	Hartzog
Bradford	Heflin
Carssow	Hoskins
Celaya	Howard
Colquitt	Hull
Dean	Jackson
Dickison	James
Gibson	Johnson of Ellis
Hankamer	Jones of Atascosa
Hanna	Keith



Kenyon	Riddle
Leonard	Schuenemann
Little	Settle
Mann	Sharpe
McCracken	Shell
McKee	Smith
McKinney	of Matagorda
Monkhouse	Smith of Tarrant
Morse	Stevenson
Newton	Stinson
Nicholson	Tennant
Pope	Thornton
Quinn	Vale
Reader	Walker
Reed of Bowie	Winfree
Reed of Dallas	Wood

## Present—Not Voting

Johnson	Metcalf
of Tarrant	Waggoner

## Absent

Bridgers	Fox
Broadfoot	Harrell
Davisson	Leyendecker
of Eastland	McFarland
Felty	Tennyson

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Metcalf (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Beckworth moved the previous question on the pending amendment, and the passage of House Bill No. 4 to engrossment, and the motion was duly seconded.

Question recurring on the main question, yeas and nays were demanded.

The motion for the main question prevailed by the following vote:

## Yeas—70

Adkins	Bell
Alsup	Boethel
Amos	Bond
Baker	Bradbury
Bates	Bridgers
Beckworth	Brown

Cagle	Loggins
Callan	London
Cleveland	Lucas
Davis of Haskell	Mays
Davis of Jasper	McDonald
Davison of Fisher	Moffett
Deglandon	Monkhouse
Derden	Morris
Dollins	Oliver
England	Palmer
Farmer	Patterson of Mills
Fox	Patterson
Fuchs	of Travis
Graves	Petsch
Hamilton	Quinn
Hardin	Ragsdale
Harper	Rhodes
Harris of Archer	Roark
Herzik	Ross
Holland	Russell
Huddleston	Sewell
Johnson of Ellis	Simpson
Jones of Angelina	Skaggs
Jones of Falls	Stocks
Jones of Wise	Talbert
Keefe	Tarwater
Kelt	Thornberry
King	Weldon
Lankford	Westbrook
Leath	

## Nays—61

Alexander	Little
Blankenship	Mann
Boyer	McConnell
Bradford	McCracken
Burton	McKee
Carsow	McKinney
Cauthorn	Newton
Celaya	Nicholson
Colquitt	Pope
Dean	Reader
Dickison	Reed of Bowie
Fielden	Reed of Dallas
Gibson	Riddle
Hankamer	Rutta
Hanna	Schuenemann
Harris of Dallas	Settle
Harris of Dickens	Shell
Hartzog	Smith of Hopkins
Heflin	Smith
Hoskins	of Matagorda
Howard	Smith of Tarrant
Hull	Stevenson
Hyder	Stinson
Jackson	Tennant
James	Tennyson
Jones of Atascosa	Thornton
Keith	Vale
Kenyon	Walker
Knetsch	Winfree
Lanning	Wood
Leonard	Worley

Present—Not Voting			
Johnson of Tarrant	Metcalf Waggoner	Lucas	Roark
Absent		Mays	Ross
Broadfoot	Harrell	McConnell	Russell
Cathey	Leyendecker	Moffett	Rutta
Davisson	McFarland	Morris	Simpson
of Eastland	Morse	Oliver	Skaggs
Felty	Prescott	Palmer	Smith of Hopkins
Harbin	Sharpe	Patterson of Mills	Stocks
Absent—Excused		Patterson of Travis	Talbert
Kern	Mauritz	Petsch	Tarwater
Langdon	Powell	Prescott	Thornberry
PAIRED		Quinn	Weldon
Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".		Ragsdale	Westbrook
Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Lang- don (absent), who would vote "yea".		Rhodes	Worley
Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".		Nays—64	
Question recurring on the amend- ment by Mr. Jones of Wise, yeas and nays were demanded.		Adkins	Little
The roll of the House was called, and the vote announced as follows: Yeas, 71; Nays, 66.		Alexander	Mann
A verification of the vote was re- quested.		Amos	McCracken
The roll of the "yeas" and "nays" was again called, and the verified vote resulted as follows:		Blankenship	McDonald
Yeas—72		Boyer	McKee
Alsup	Farmer	Bradford	McKinney
Baker	Fuchs	Bridgers	Monkhouse
Bates	Graves	Carssow	Morse
Beckworth	Hamilton	Celaya	Newton
Bell	Hardin	Colquitt	Nicholson
Boethel	Harper	Davis of Haskell	Pope
Bond	Harris of Archer	Dean	Reader
Bradbury	Harris of Dickens	Dickison	Reed of Bowie
Broadfoot	Herzik	Fielden	Reed of Dallas
Brown	Holland	Fox	Riddle
Burton	Huddleston	Gibson	Schuenemann
Cagle	Hyder	Hankamer	Settle
Callan	Jones of Falls	Hanna	Sewell
Cathey	Jones of Wise	Harris of Dallas	Sharpe
Cauthorn	Keefe	Hartzog	Shell
Cleveland	Kelt	Heflin	Smith
Davis of Jasper	King	Hoskins	of Matagorda
Davison of Fisher	Lankford	Howard	Smith of Tarrant
Deglandon	Lanning	Hull	Stevenson
Derden	Leath	Jackson	Stinson
Dollins	Loggins	James	Tennant
England	London	Johnson of Ellis	Tennyson
		Jones of Angelina	Thornton
		Jones of Atascosa	Vale
		Keith	Walker
		Kenyon	Winfree
		Knetsch	Wood
		Leonard	
Present—Not Voting			
Johnson of Tarrant	Metcalf Waggoner		
Absent			
Davisson	Harrell		
of Eastland	Leyendecker		
Felty	McFarland		
Harbin			
Absent—Excused			
Kern	Mauritz		
Langdon	Powell		

## PAIRED

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

The Speaker announced that the amendment by Mr. Jones of Wise was adopted.

Question recurring on the passage of House Bill No. 4 to engrossment, yeas and nays were demanded.

The roll of the House was called, and the vote announced as follows: Yeas, 74; Nays, 68.

A verification of the vote was requested.

The roll of the "yeas" and "nays" was again called, and the verified vote resulted as follows:

## Yeas—69

Mr. Speaker	Keefe
Adkins	Kelt
Alsup	King
Amos	Lankford
Baker	Lanning
Bates	Leath
Beckworth	Loggins
Bell	London
Boethel	Lucas
Bond	Mays
Bradbury	McConnell
Broadfoot	Moffett
Brown	Morris
Burton	Oliver
Callan	Palmer
Cathey	Patterson of Mills
Cauthorn	Patterson
Cleveland	of Travis
Davis of Jasper	Petsch
Davison of Fisher	Prescott
Deglandon	Quinn
Dollins	Ragsdale
England	Roark
Farmer	Ross
Fuchs	Rutta
Graves	Simpson
Hamilton	Skaggs
Harbin	Smith of Hopkins
Hardin	Stocks
Harper	Talbert
Harris of Archer	Tarwater
Herzik	Thornberry
Holland	Weldon
Huddleston	Westbrook
Jones of Wise	Worley

## Nays—68

Alexander	Little
Blankenship	Mann
Boyer	McCracken
Bradford	McDonald
Bridgers	McFarland
Carssow	McKee
Celaya	McKinney
Colquitt	Monkhouse
Davis of Haskell	Morse
Dean	Newton
Derden	Nicholson
Dickison	Pope
Fielden	Reader
Fox	Reed of Bowie
Gibson	Reed of Dallas
Hankamer	Rhodes
Hanna	Riddle
Harrell	Russell
Harris of Dallas	Schuenemann
Harris of Dickens	Settle
Hartzog	Sewell
Heflin	Sharpe
Hoskins	Shell
Howard	Smith
Hull	of Matagorda
Hyder	Stevenson
Jackson	Stinson
James	Tennant
Johnson of Ellis	Tennyson
Jones of Angelina	Thornton
Jones of Atascosa	Vale
Keith	Walker
Kenyon	Winfree
Knetsch	Wood
Leonard	

## Present—Not Voting

Johnson	Metcalfe
of Tarrant	Waggoner

## Absent

Cagle	Jones of Falls
Davisson	Leyendecker
of Eastland	Smith of Tarrant
Felty	

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

The Speaker announced that House Bill No. 4 was passed to engrossment.

Mr. Jones of Wise moved to reconsider the vote by which House Bill No. 4 was passed to engrossment, and to table the motion to reconsider.

Question recurring on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—72

Adkins	Jones of Angelina
Alsup	Jones of Wise
Amos	Keith
Baker	Kelt
Bates	King
Beckworth	Lankford
Bell	Leath
Boethel	Loggins
Bond	London
Bradbury	Lucas
Broadfoot	Mays
Brown	McConnell
Burton	Moffett
Cagle	Morris
Callan	Oliver
Cathey	Palmer
Cauthorn	Patterson of Mills
Cleveland	Patterson
Davis of Jasper	of Travis
Davison of Fisher	Petsch
Davison	Prescott
of Eastland	Quinn
Deglandon	Ragsdale
Derden	Roark
Dollins	Ross
England	Russell
Farmer	Rutta
Fuchs	Simpson
Graves	Skaggs
Hamilton	Smith of Hopkins
Harbin	Stocks
Hardin	Talbert
Harper	Tarwater
Harris of Archer	Thornberry
Herzik	Weldon
Holland	Westbrook
Huddleston	Worley

## Nays—64

Alexander	Fox
Blankenship	Gibson
Boyer	Hankamer
Bradford	Hanna
Bridgers	Harris of Dallas
Carssow	Harris of Dickens
Celaya	Hartzog
Colquitt	Heflin
Davis of Haskell	Hoskins
Dean	Howard
Dickison	Hull
Fielden	Hyder

Jackson	Reader
James	Reed of Bowie
Johnson of Ellis	Reed of Dallas
Jones of Atascosa	Rhodes
Keefe	Schuenemann
Kenyon	Settle
Knetsch	Sewell
Lanning	Sharpe
Leonard	Shell
Little	Smith
Mann	of Matagorda
McCracken	Stevenson
McDonald	Stinson
McFarland	Tennant
McKee	Tennyson
McKinney	Thornton
Monkhouse	Vale
Morse	Walker
Newton	Winfree
Nicholson	Wood
Pope	

## Present—Not Voting

Johnson	Metcalfe
of Tarrant	Waggoner

## Absent

Felty	Leyendecker
Harrell	Riddle
Jones of Falls	Smith of Tarrant

## Absent—Excused

Kern	Mauritz
Langdon	Powell

## PAIRED

Mr. Metcalfe (present), who would vote "yea", with Mr. Felty (absent), who would vote "nay".

Mr. Waggoner (present), who would vote "nay", with Mr. Powell (absent), who would vote "yea".

Mr. Johnson of Tarrant (present), who would vote "nay", with Mr. Langdon (absent), who would vote "yea".

## HOUSE BILL NO. 198 ON SECOND READING

Mr. Quinn moved that the regular order of business be suspended, to take up and have placed on its second reading and passage to engrossment,

H. B. No. 198, A bill to be entitled "An Act levying and providing for the payment of a State occupation tax on the producing, distributing, exporting, importing and sale of natural gas with certain exceptions; requiring reports to be made and records to be kept by those engaged in the business, and providing for the inspection thereof by certain public of-

officials, their employees or representatives; prescribing penalties for failure to comply with the provisions of this Act."

The motion prevailed by the following vote:

## Yeas—91

Adkins	Keefe
Alsup	Kelt
Amos	King
Baker	Knetsch
Bates	Lankford
Beckworth	Lanning
Bell	Loggins
Boethel	London
Bond	Lucas
Bradbury	Mays
Bradford	McConnell
Bridgers	McDonald
Broadfoot	Metcalfe
Brown	Moffett
Burton	Monkhouse
Cagle	Morris
Callan	Newton
Carssow	Oliver
Cathey	Palmer
Cauthorn	Patterson of Mills
Cleveland	Patterson
Davis of Haskell	of Travis
Davis of Jasper	Petsch
Davison of Fisher	Prescott
Deglandon	Quinn
Derden	Ragsdale
England	Reader
Farmer	Reed of Bowie
Fielden	Rhodes
Fox	Roark
Fuchs	Ross
Graves	Russell
Hamilton	Rutta
Harbin	Settle
Hardin	Sewell
Harper	Sharpe
Harrell	Shell
Harris of Archer	Simpson
Harris of Dickens	Skaggs
Herzik	Smith of Hopkins
Holland	Stocks
Huddleston	Talbert
Hyder	Tennant
Johnson of Ellis	Tennyson
Jones of Angelina	Thornberry
Jones of Wise	Westbrook

## Nays—46

Alexander	Dickison
Blankenship	Dollins
Boyer	Gibson
Celaya	Hankamer
Colquitt	Hanna
Davisson	Harris of Dallas
of Eastland	Heflin
Dean	Hoskins

Howard	Nicholson
Hull	Reed of Dallas
Jackson	Riddle
James	Schuenemann
Johnson	Smith
of Tarrant	of Matagorda
Jones of Atascosa	Stevenson
Keith	Stinson
Kenyon	Tarwater
Leath	Thornton
Leonard	Vale
Little	Waggoner
Mann	Walker
McFarland	Winfree
McKee	Wood
McKinney	Worley
Morse	

## Absent

Felty	McCracken
Hartzog	Pope
Jones of Falls	Smith of Tarrant
Leyendecker	Weldon

## Absent—Excused

Kern	Mauritz
Langdon	Powell

The Speaker then laid the bill before the House, and it was read second time.

Mr. Derden offered the following committee amendment to the bill:

Amend House Bill No. 198, by striking out all below the enacting clause and inserting in lieu thereof the following:

Section 1. That Section 3, of Chapter 73, Acts of the Regular Session of the Forty-second Legislature, as amended by Section 8 of House Bill No. 8, Acts of the Third Called Session of the Forty-second Legislature, be and the same is hereby amended so as to read as follows:

"Section 3. A tax shall be paid by each such producer on the amount of gas produced and saved within this State, and on gas imported into this State upon the first sale thereof in intrastate commerce upon the following basis:

"A tax of one-fourth of one cent (1c) per thousand cubic feet of gas produced and saved within this State, or sold, if imported into this State. Provided, however, that if any gas is imported into this State from another State, in which latter State a severance tax has been paid upon the production of such imported gas, the person importing such gas shall not be required to pay another tax thereon under the provisions of this Act.

"For the purposes of this Act, by the term 'cubic feet of gas' is meant volume of gas expressed in cubic feet and computed at a base pressure of four (4) ounces per square inch above the average barometric pressure of 14.4 pounds per square inch. A standard base and flowing temperature of sixty (60) degrees Fahrenheit; correction to be made for pressure according to Boyle's Law, and for Specific Gravity according to tests made by the Balance Method.

"The tax hereby levied shall be a liability of the producer of gas and it shall be the duty of such producer to keep accurate records of all gas produced, making monthly reports under oath as hereinafter provided.

"The purchaser of gas shall pay the tax on all gas purchased and deduct tax so paid from payment due producer or other interest holder, making such payments so deducted to the Comptroller of Public Accounts by legal tender or cashier's check payable to the State Treasury.

"Provided, that if gas produced is not sold during the month in which produced, then said producer shall pay the tax at the same rate and in the manner as if said gas were sold.

"The tax herein levied shall be paid monthly on the 25th day of each month on all gas produced during the month next preceding by the purchaser or the producer as the case may be, but in no event shall a producer be relieved of responsibility for the tax until same shall have been paid; and provided, in event the amount of the tax herein levied shall be withheld by a purchaser from payments due a producer and said purchaser fails to make payment of the tax to the State as provided herein, the producer may bring legal action against such purchaser to recover the amount of tax so withheld, together with penalties and interest which may have accrued by failure to make payments and shall be entitled to reasonable attorney fees and court costs incurred by such legal action."

Section 2. That Section 8 of Chapter 73, Acts of the Regular Session of the Forty-second Legislature, be and the same is hereby amended so as to read hereafter as follows:

"Section 8. The Comptroller shall have the power to adopt any rule and regulation requiring the installation of an approved design and the mode and manner of keeping and reading the

same, and every producer is required, by the provisions of this Acts, to install necessary meters.

"For the purpose of enabling the Comptroller or his authorized representative to determine the tax liability of a producer or purchaser or any other person dealing in, transporting, providing, or manufacturing any derivative from natural gas or its products or to determine whether a tax liability has been incurred, they shall have the right to inspect any premises where natural gas or any of its derivatives or products are produced, made, prepared, stored, transported, sold, or offered for sale or exchange, examine all of the records required by the Comptroller to be kept, or any other pertinent records which may be kept incident to the conduct of the business of said producer, purchaser, transporter or any other person dealing in or possessing natural gas or its derivatives or products. The said authorized officials shall also have the right as an incident to determining said tax liability, or whether the tax liability has been incurred to examine and gauge the contents of all storage tanks, containers, pipe lines and other property or equipment. For the foregoing purposes said authorized officers shall also have the right to remain upon said premises for such length of time as will be necessary to fully determine said tax liability, or whether a tax liability has been incurred.

"If any purchaser or producer fails or refuses to pay any tax, penalties, or interest within the time and manner provided by this Act and it becomes necessary to bring suit or to intervene in any manner for the establishment or collection of said claim, in any judicial proceedings, any report filed in the office of the Comptroller by such purchaser, or producer or their representative, or a certified copy thereof, certified to by the Comptroller or Chief Clerk showing the amount of gas produced and saved, or sold if imported into this State by such producer, purchaser, or importer, on which such tax, penalty and interest have not been paid, or any audit made by the Comptroller or his Representative, from the books of said producer, purchaser or importer, when signed and sworn to by such Representative as being made from the records of said

producer, purchaser, or importer, such report or audit shall be admissible in evidence in such proceedings, and shall be prima facie evidence of the contents thereof; provided, however, that the incorrectness of said report or audit may be shown.

"In the event the Attorney General shall file suit or claim for taxes and shall attach and file as an exhibit any report or audit of said purchaser, producer, or importer, and an affidavit made by the Comptroller or his Representative that the taxes shown to be due by said report or audit are past due and unpaid, and all the payments and credits have been allowed, then, unless the party resisting the same shall file an answer in the same form and manner as required by Article 3736 R. C. S. T., 1925, as amended by Chapter 239, Acts of the Regular Session of the Forty-second Legislature, said audit or report shall be taken as prima facie evidence thereof, and proceedings of said Article are hereby made applicable to suits to collect taxes hereunder.

"Section 3. The fact that additional moneys are sorely needed to finance the State Government creates an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days be suspended and the same is hereby suspended and this Act shall take effect and be in full force and effect immediately from and after its passage, and it is so enacted."

Mr. Sharpe offered the following amendment to the committee amendment:

Amend committee amendment No. 1 on page 1, line 31, by striking out the words "one-fourth" of one cent to read "one-half" of one cent.

SHARPE,  
KEEFE.

Mr. Boyer offered the following substitute for the amendment by Mr. Sharpe:

Amend committee amendment to House Bill Number 198, by striking out the word and figures "one-fourth of one cent (1c) per thousand cubic feet of gas produced and saved within this State, or sold, if imported into this State," wherever said words and figures appear, and insert in lieu thereof the following: "A tax equivalent to three and one-fourth per cent (3¼%) of the market value of the

total amount of gas produced and saved within this State, or sold, if imported into this State, at the actual market value thereof, as and when produced."

BOYER,  
WORLEY,  
LITTLE.

(Mr. Morse in the Chair.)

Mr. Sharpe moved to table the substitute amendment by Mr. Boyer.

Question recurring on the motion to table the substitute amendment, yeas and nays were demanded.

The roll of the House was called and the vote announced as follows:

Yeas, 66; Nays, 67.

A verification of the vote was requested.

The roll of the "yeas" and "nays" was again called, and the verified vote resulted as follows:

#### Yeas—73

Adkins	Jones of Angelina
Amos	Jones of Wise
Baker	Keefe
Bates	Knetsch
Beckworth	Lankford
Bell	Lucas
Boethel	Mays
Bradbury	Metcalfe
Bridgers	Morris
Broadfoot	Newton
Brown	Oliver
Burton	Palmer
Cagle	Patterson of Mills
Callan	Patterson
Cathey	of Travis
Cauthorn	Petsch
Cleveland	Prescott
Davis of Jasper	Quinn
Deglandon	Ragsdale
Derden	Reed of Bowie
England	Rhodes
Farmer	Roark
Fielden	Ross
Fox	Russell
Fuchs	Rutta
Graves	Settle
Hamilton	Sewell
Harbin	Sharpe
Hardin	Simpson
Harrell	Skaggs
Harris of Archer	Smith of Hopkins
Harris of Dickens	Smith of Tarrant
Herzik	Stocks
Holland	Talbert
Huddleston	Thornberry
Hyder	Weldon
Johnson of Ellis	Westbrook

## Nays—63

Alexander	Little
Alsup	Loggins
Blankenship	London
Bond	Mann
Boyer	McConnell
Carssow	McCracken
Celaya	McDonald
Colquitt	McFarland
Davis of Haskell	McKee
Davison of Fisher	McKinney
Davisson	Moffett
of Eastland	Monkhouse
Dean	Morse
Dollins	Nicholson
Hankamer	Pope
Hanna	Reader
Harper	Reed of Dallas
Harris of Dallas	Riddle
Hartzog	Schuenemann
Heflin	Shell
Hoskins	Smith
Hull	of Matagorda
Jackson	Stevenson
James	Stinson
Johnson	Tarwater
of Tarrant	Tennant
Jones of Atascosa	Thornton
Keith	Vale
Kelt	Waggoner
Kenyon	Walker
King	Winfree
Lanning	Wood
Leonard	Worley

## Absent

Bradford	Jones of Falls
Dickison	Leath
Felty	Leyendecker
Gibson	Tennyson
Howard	

## Absent—Excused

Kern	Mauritz
Langdon	Powell

The Speaker announced that the motion to table the substitute amendment prevailed.

Mr. Boyer offered the following substitute for the amendment by Mr. Sharpe:

Amend committee amendment to House Bill No. 198, by striking out the words and figures "one-fourth of one cent (1c) per thousand cubic feet of gas produced and saved within this State, or sold, if imported into this State," wherever said words and figures appear, and insert in lieu thereof the following: "A tax equivalent to three and one-half per cent (3½%) of the market value of the total amount of gas produced and

saved within this State, or sold, if imported into this State, at the actual market value thereof, as and when produced."

BOYER,  
WORLEY,  
LITTLE,  
McKINNEY.

Question—Shall the substitute amendment by Mr. Boyer be adopted?

## RECESS

Mr. Johnson of Ellis moved that the House adjourn until 10:00 o'clock a. m., tomorrow.

Mr. Keefe moved that the House recess until 10:00 o'clock a. m., tomorrow.

Mr. Quinn moved that the House adjourn until 9:30 o'clock a. m., tomorrow.

The motion of Mr. Keefe prevailed, and the House, accordingly, at 4:55 o'clock p. m., took recess until 10:00 o'clock a. m., tomorrow.

## APPENDIX

## STANDING COMMITTEE REPORTS

The following committees have filed favorable reports on bills, as follows:

Municipal and Private Corporations: House Bill No. 991.

State Affairs: House Bills Nos. 772 and 840.

## REPORTS OF THE COMMITTEE ON ENGROSSED BILLS

Committee Room,

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 19, A bill to be entitled "An Act providing that all persons, firms, partnerships or corporations using coupons, chips, scrip, punchouts, store orders, or other evidence of indebtedness to pay their or its laborers and employees, for labor or otherwise, shall, if demanded redeem the same in the hands of such laborer, employee or bona fide holder in good and lawful money of the United States; provided, the same is presented and redemption demanded of such person, firm, part-



nership or corporation using same as aforesaid, at a regular pay-day, such redemption to be at the face value of said scrip, chips, punchouts, coupons, store orders or other evidence of indebtedness; provided, further, said face value shall be in cash the same as its purchasing power in goods, wares and merchandise at the commissary store or other repository of such persons, firms, partnerships or corporations aforesaid; and providing penalties for failure to redeem, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 99, A bill to be entitled "An Act providing for the purchasing, handling, sale and accounting of sales of citrus fruit grown in the State of Texas; defining terms as used herein, providing for bond and license for citrus fruit dealers; prescribing and fixing duties and powers of the Commissioner of Agriculture with reference to the Act and its operation and enforcement; defining offenses and prescribing penalties for the violation of this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 130, A bill to be entitled "An Act to give the right of eminent domain to certain conservation and reclamation districts to enable them to acquire by condemnation land on which cemeteries are located under certain conditions, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 181, A bill to be entitled

"An Act providing for the admissibility in evidence of certified copies of certain instruments required by statute or by Rules of the Railroad Commission of Texas to be filed with the Railroad Commission of Texas, and providing that same shall be prima facie evidence of the facts contained therein, and authorizing certificates to such copies to be made by certain officials therein specified."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 216, A bill to be entitled "An Act to amend Articles 2503, 2504 and 2507, Title Forty-six, Revised Civil Statutes of Texas, 1925, having relation to the Capital structure and interest charges of mutual loan corporations."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 254, A bill to be entitled "An Act to amend Chapter 3 of Title 128 of the Revised Statutes of 1925, relating to Water Control and Preservation Districts by providing that lands in any such district lying within or adjoining the territorial limits of an incorporated city or town, which was not included in such district at time of the organization of such district, and which lands have been subdivided into town lots and blocks, with streets or other thoroughfares dedicated to the use of the public, and of which a map and such dedication has been duly filed for record with the County Clerk of the County in which such lands are situated, may be discontinued as a part of such District; providing that the Board of Directors may pass resolutions excluding such territory; providing that the owners of such lands may petition the district for an election to

determine the question of whether the lands shall be withdrawn, and for the holding of such an election and providing that lands so withdrawn shall no longer be entitled to be served with water from the irrigation system, and that such lands shall be charged with their pro rata part of existing indebtedness of the said District, and providing that the owners of such lands may pay the total of their pro rata at any time."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 395, A bill to be entitled "An Act amending Article 6954, Chapter 6, Title 121 of the Revised Civil Statutes of Texas, 1925, as amended in Chapter 245 of the Acts of the Regular Session of the Fortieth Legislature of Texas, as amended in Chapter 5 of the Acts of the Regular Session of the Forty-first Legislature of Texas, and as further amended in Chapter 71 of the Acts of the First Called Session of the Forty-first Legislature of Texas, the latter being House Bill No. 120, passed by the First Called Session of the Forty-first Legislature, and further amended in Chapter 8 of the Acts of the Third Called Session of the Forty-first Legislature, Senate Bill No. 22, and further amended in Chapter 313 of the Acts of the Regular Session of the Forty-second Legislature, and as further amended by Chapter 9 of the Acts of the Third Called Session of the Forty-second Legislature, and as further amended by Chapter 48 of the Acts of the Regular Session of the Forty-third Legislature, and as further amended by Chapter 34 of the Special Laws of the Acts of the Regular Session of the Forty-fourth Legislature, with reference to the mode of preventing horses and certain other animals from running at large in the counties named so as to include in said Article the County of Irion, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 407, A bill to be entitled "An Act prohibiting the barter or sale or offering for barter or sale or to buy any bass, crappie, perch, catfish, or any other fish taken from the fresh water of the Brazos River or within one mile of the mouth of any of the tributaries of the Brazos River within Falls County, State of Texas; and providing a penalty, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 410, A bill to be entitled "An Act providing that County Commissioners Courts of this State in conjunction with municipal governments of incorporated cities of population exceeding 15,000 at the last preceding Federal Census, where said cities are county seats of counties may appoint case-workers and investigators to make investigations of needy persons to whom may be supplied necessities furnished by the Texas Relief Commission, any proper Federal agency, or by counties and cities or any one of said agencies, commission cities or counties; provided said counties and municipalities may pay not to exceed Twelve Hundred (\$1,200.00) Dollars per annum salary to such case-worker and investigator; providing the duties and qualifications of said case-workers and investigators, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 414, A bill to be entitled "An Act to amend Article 923pp of the Penal Code of the Revised Sta-

tutes of Texas, Acts, 1925, Thirty-ninth Legislature, page 436, Chapter 177, Section 8; as amended by Acts, 1927, Fortieth Legislature, page 49, Chapter 35, Section 1; as amended by Acts, 1927, Fortieth Legislature, First Called Session, page 102, Chapter 34, Section 1; providing that Falls County, State of Texas shall not be under and subject to the provisions of this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 518, A bill to be entitled "An Act to amend Chapter 2 of Title 116 of the Revised Civil Statutes of Texas, 1925, by adding to said Chapter a new Article to be known as 'Article 6711-A', providing that upon application of ten (10) or more resident citizens of the County of Trinity, or one person living within an enclosure of two thousand (2,000) acres or more in said County, the Commissioners Court of said County shall open a road through said enclosure of land, or between different persons or owners of land, or along any section line, or along any survey line, or along any survey subdivision line, where said land is adjacent or contiguous to public rivers, lakes or bays in the County of Trinity; providing for notice and hearing on said application; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 566, A bill to be entitled "An Act declaring it unlawful for any person to sell, take or have in his possession for the purpose of barter or sale any wild fox or the pelt thereof in Cass County; declaring it unlawful for any person to catch any fur bearing animal in Cass County with a steel trap, dead fall, or any

other mechanical device; providing that this Act shall not include moles, gophers and salamanders as fur bearing animals and providing that this Act shall not apply to the taking of fur bearing animals with dogs; providing a penalty for the violation of this Act; repealing all laws and parts of laws in conflict; providing that this Act shall be in force for a period of five years, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 596, A bill to be entitled "An Act to permit any county containing a population not less than five thousand five hundred (5,500) nor more than five thousand eight hundred (5,800) according to the last preceding Federal Census to adopt by majority vote of qualified voters of such county a county unit system to the extent provided in this Act; making provisions for the formation of a county wide school district therein; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 597, A bill to be entitled "An Act to amend Article 7009, Revised Civil Statutes of Texas, 1925, increasing the term of office for the members of the Live Stock Sanitary Commission of the State of Texas from two to six years so that one term of office will expire each two years, providing for the appointment of a Chairman of said Commission, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 604, A bill to be entitled "An Act creating a special road law for San Saba County, Texas, providing that said County may fund certain warrants outstanding against its road and bridge fund as of February 15, 1937, by the issuance of funding bonds, and setting forth the method of issuing same; validating all acts of the Commissioners' Court and of the county officials of said County in authorizing, issuing and delivering said warrants; providing that the general laws pertaining to roads and bridges shall be applicable to said County, when not in conflict herewith; repealing all laws in conflict herewith; enacting provisions incident to and relating to the subject and purpose of this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 607, A bill to be entitled "An Act creating a special road law for Karnes County, Texas, providing that said County may fund or refund the indebtedness outstanding against its road and bridge fund as of February 8, 1937, setting forth the method of operation; validating the indebtedness proposed to be funded or refunded; validating all acts and proceedings heretofore had by the Commissioners' Court of said County, and officers thereof, in respect to the funding or refunding of said indebtedness; providing this law shall be cumulative of General Laws on the subject of roads and bridges and General Laws on funding or refunding bonds, not in conflict herewith; enacting provisions incident and relating to the subject and purpose of this Act; repealing all laws in conflict, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 613, A bill to be entitled "An Act creating a special road law for San Patricio County, Texas, providing that said County may fund or refund the indebtedness outstanding against its road and bridge fund prior to May 21st, 1931; setting forth the method of operation; validating the indebtedness proposed to be funded or refunded; validating all acts and proceedings heretofore had by the Commissioners' Court of said County and officers thereof, in respect to the funding or refunding of said indebtedness; providing this law shall be cumulative of General Laws on the subject of roads and bridges and General Laws on funding or refunding bonds, not in conflict herewith; enacting provisions incident and relating to the subject and purpose of this Act; repealing all laws in conflict, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 615, A bill to be entitled "An Act making an emergency appropriation to pay court costs accrued in the case of State of Texas versus Atlantic Oil Producing Company, et al., No. 53453, which case was tried in the District Court of Travis County and is now on appeal in the Court of Civil Appeals, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 624, A bill to be entitled "An Act providing that it shall be unlawful to take any fish for sale from the waters of Lake Corpus Christi, situated in the Counties of

San Patricio, Jim Wells, and Live Oak, or from the waters of the Nueces River between Calallen Dam and west boundary line of Live Oak County, including all of the tributaries of the Nueces River within the boundaries of Live Oak County, San Patricio County and Nueces County; providing a closed season for fishing in said waters; prohibiting the use of certain devices for taking fish in said waters; providing a suitable penalty for any violation of this Act; repealing all laws in conflict therewith, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 627, A bill to be entitled "An Act creating a closed season upon wild deer buck, doe or fawn for a period of five (5) years in the County of Polk, in the State of Texas; making it unlawful for any person to hunt, trap, ensnare, kill, or attempt to kill, by any means whatsoever, any wild deer, buck, doe or fawn within said County, for a period of five (5) years; providing a penalty therefor, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 653, A bill to be entitled "An Act making it the duty of the Commissioner of Agriculture of the State of Texas to control and/or eradicate the Mexican fruit fly in the State of Texas; providing a title for said Act; defining certain terms as used herein; providing a host-free period, and authorizing the Commissioner of Agriculture of the State of Texas to adopt the host-free period promulgated by the United States Department of Agriculture; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 654, A bill to be entitled "An Act providing for and authorizing 'Marketing Agreements' with respect to citrus fruits or citrus fruit; authorizing the Commissioner of Agriculture of the State of Texas to enter into 'Marketing Agreements' with producers, shippers and/or handlers thereof in interstate commerce; setting forth the imperative necessity therefor; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 665, A bill to be entitled "An Act amending Article 1970-314, Revised Civil Statutes of Texas, 1925, so as to give the County Court of Red River County, Texas, original concurrent jurisdiction with the District Court of said County in certain criminal cases, and exclusive appellate jurisdiction of certain criminal cases appealed from Justice Courts, to conform the jurisdiction of the District Court of such County to such change; repealing all laws in conflict herewith, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 706, A bill to be entitled "An Act providing for the employment by the County Board of School Trustees and the County Superintendent of rural school supervisors in counties having population of not less than 290,000, nor more than 320,000 to act as such in the work of the primary and intermediate grades of the rural schools of the county; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 773, A bill to be entitled "An Act authorizing the Commissioner of Agriculture of this State to establish and maintain quarantine regulations in order to prevent the introduction into or the spread within this State of pests and diseases for the protection of Agricultural industry of this State and to provide for the inspection of things and plants with reference to such quarantine, requiring persons to notify the Commissioner of Agriculture of the arrival of such things and plants against which a quarantine has been established and to hold them for inspection, and providing for the disposal of such infected things or plants by the Commissioner of Agriculture and further providing the manner of declaring such quarantines, and providing for investigation by the Commissioner of Agriculture in order to determine the existence of such pests and diseases and authorizing him to declare and enforce quarantine in order to prevent the spread thereof, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 778, A bill to be entitled "An Act providing for the amount that may be allowed by County Boards of Trustees to the County Superintendents of Public Instruction for expenditures for office and traveling expenses in certain counties according to the last preceding Federal Census; making this Act cumulative of all General Laws on the same subject, such General Laws to apply except in case of conflict when the provisions of this Act shall control, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 789, A bill to be entitled "An Act prescribing additional powers and duties of the Commissioners' Court in counties having a population of not less than thirty thousand (30,000) and not more than thirty thousand one hundred (30,100) according to the latest Federal Census, making provisions for holding an election in each such county to determine whether a maintenance tax shall be levied against all property in such county for the support of public school therein; prescribing the duties of the County Judge and Commissioners' Court in reference to said election; prescribing the duties and powers of the several Boards of District Trustees, in determining the amount of money necessary to maintain the schools of each school district; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. 790, A bill to be entitled "An Act repealing House Bill 124, Chapter 456, Acts of the First Called Session of the Forty-fourth Legislature, relating to the selling, taking or possession, for barter or sale, of wild fox or the pelt, in Newton and Jasper Counties."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 796, A bill to be entitled "An Act validating the creation and organization of all school districts, including common school districts, and validating all of the actions of County Board of Trustees with reference to annexation of territory to school districts or detachment of territory from school districts or any type of annex-

ation whatsoever, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 804, A bill to be entitled "An Act to make it unlawful to keep, impound, confine or transport game fish in live boxes or ponds, or to have in live boxes or ponds where game fish are kept, or to possess a vehicle in which game fish are being transported and to possess, keep or place in storage more than seventy-six game fish in Harrison and Marion Counties, State of Texas; defining the terms 'live box', 'pond', 'in storage', and 'game fish', as used in this Act; providing for the liberation or donation to a charitable institution or charitable cause, of fish confined or impounded, or kept in storage, in violation of this Act, and providing penalties for the violation of this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 846, A bill to be entitled "An Act making it unlawful to take or kill by trap, snare, or deadfall any fur bearing animals in Harrison County; providing certain exceptions; providing the length of this Act; describing a penalty, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 847, A bill to be entitled "An Act making a supplemental appropriation out of the General Revenue of the State of Texas for the Department of the State Auditor and Effi-

ciency Expert; to pay the salaries of temporary employed Auditors and for office stationery and supplies, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 848, A bill to be entitled "An Act authorizing the Commissioners' Court in any county having a population of not less than 17,600 and not more than 17,700 according to the last preceding Federal Census, to allow each County Commissioner certain expenses for traveling and in connection with the use of his automobile on official business; requiring each such Commissioner to pay the expense of operation and repair of such automobile so used by him without further expense to the County, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 854, A bill to be entitled "An Act providing for the salaries of County School Superintendents in certain counties, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 855, A bill to be entitled "An Act to conserve and promote the prosperity and welfare of the citrus industry of the State of Texas by promoting the sale of citrus fruits produced in the State of Texas through the conducting of a publicity, advertising and sales promotion campaign to increase the consumption of such citrus fruits; to levy and impose an excise tax and to provide for

the collection of same on all citrus fruits grown in the State of Texas; to create a citrus advertising fund; to define certain terms as used in this Act; to vest the administration of this Act in a Growers' Industry Committee and a Shippers' Marketing Committee under the supervision of the Commissioner of Agriculture of the State of Texas; . . . etc., and providing for an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 857, A bill to be entitled "An Act repealing Articles 111, 112, 113, 114, 115 and 116, Revised Civil Statutes of Texas, 1925; amending Section 3 of Article 117, as amended, Revised Civil Statutes, 1925; amending Subdivision (1) of Section 1, and Sections 4 and 5 of Acts, 1929, Forty-first Legislature, Second Called Session, page 157, Chapter 80, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 861, A bill to be entitled "An Act authorizing political subdivisions of the State of Texas to lease lands owned by such subdivisions for mineral development purposes and prescribing the method and manner of making such leases, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 876, A bill to be entitled "An Act amending Section 4 of House Bill No. 408 of the Regular Session of the Forty-fourth Legislature fixing the compensation of County Commis-

sioners in certain counties, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 889, A bill to be entitled "An Act amending Section 1, Chapter 101 of the Special Laws of the Regular Session of the Forty-third Legislature as amended by Chapter 54 of the General and Special Laws of the First Called Session of the Forty-third Legislature are hereby amended so as to read hereafter as follows: Section 1 by striking out the Counties of Hill and Johnson; Section 2 by striking out the Counties of Hill and Johnson and exempting them from the provisions of this law, and creating an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 899, A bill to be entitled "An Act amending Article 5746, Revised Civil Statutes, of the State of Texas, 1925, as amended by the Acts of 1930, Forty-first Legislature, Fourth Called Session, page 12, Section 5, relating to Co-operative Marketing Associations, and providing for the manner of determining the value of and payment for the interests of a member upon his death, expulsion or withdrawal or the forfeiture of his membership, in the event that no other provision is made therefor in the by-laws of such Association, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 915, A bill to be entitled "An Act authorizing the County



School Board of Trustees in counties of a population of not less than seventeen thousand five hundred (17,500) and not more than seventeen thousand five hundred and seventy (17,570) according to the last preceding Federal Census, upon proper petition to detach territory lying in County Line Districts and attach same to any school district; providing for adjustment of bonded indebtedness, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOK, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 930. A bill to be entitled "An Act providing for the amount that may be allowed by County Boards of Trustees to the County Superintendents of Public Instruction for expenditures for office and traveling expenses in certain counties, according to the last preceding Federal Census; repealing all laws and parts of laws, General or Special, in conflict herewith, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 958, A bill to be entitled "An Act providing for a closed season on the killing or possession of squirrels in the Counties of Polk, Trinity, Angelina, Nacogdoches, Sabine, Jasper, San Jacinto, Houston, Tyler, Liberty and Hardin, from the 1st day of January of each year through and including the 30th day of September of each year; providing for a bag limit of not more than five (5) squirrels that may be taken, killed or possessed in said Counties in any one day and a limit of not exceeding fifteen (15) squirrels in any one week; prescribing the penalties for the violation of any provision of this Act, repealing any provision of

any law in conflict herewith, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 970, A bill to be entitled "An Act amending Chapter 55, page 110, General Laws, Regular Session, Forty-third Legislature, 1933, being an Act creating the office of County Purchasing Agent in all counties in this State having a population of more than one hundred thousand (100,000) inhabitants and less than one hundred and fifty thousand (150,000) inhabitants, as shown by the latest United States Census, and containing two (2) cities of fifty thousand (50,000) inhabitants or more, each, as shown by the latest United States Census; providing for the appointment of such agent, prescribing his duties and fixing his compensation; . . . etc., and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 974, A bill to be entitled "An Act relating to the jurisdiction of the County Court of Sterling County, conferring upon said Court civil and criminal jurisdiction, and increasing the criminal and civil jurisdiction of said Court; conforming the jurisdiction of the District Court of said County to such change; fixing the time of holding Court, and to repeal all laws in conflict with this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 985, A bill to be entitled "An Act providing for the extension

of the Rio Grande Compact, authorizing the Texas member of the present Rio Grande Compact Committee and his successor in office, to act as Commissioner and to negotiate with the Commissioners representing the States of Colorado and New Mexico for a new or permanent Compact, subject to ratification by the Legislature, and authorizing such Commissioner to administer the provisions of such Compact, providing for his compensation, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 988, A bill to be entitled "An Act amending Section 8 of Chapter 163, Acts of the Regular Session of the Forty-second Legislature; validating specified actions heretofore taken by counties, cities and towns in issuing funding and refunding securities in attempted compliance with said Chapter; validating such securities issued thereunder, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 995, A bill to be entitled "An Act providing a closed season on quail and doves in Callahan and Eastland Counties, Texas, for a period of three (3) years; providing a penalty for the violation of the terms of this Act, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting Chairman.

Austin, Texas, March 24, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 1007, A bill to be entitled "An Act relating to marks and brands of live stock in Jasper and Newton Counties, requiring that each owner of

any live stock mentioned in Chapter 1 of Title 121 of the Revised Civil Statutes of Texas of 1925, shall within six (6) months after this Act takes effect, have his mark and brand for such stock recorded at the office of the County Clerk of said Counties; without any cost to owner and providing that such owners shall so record such marks and brands whether heretofore recorded or not and that after the expiration of six (6) months from the taking effect of this Act all records of marks and brands now in existence in Jasper and Newton Counties shall no longer have any force or effect and that after the expiration of six (6) months only the records made after this Act shall be effective and considered the recorded marks and brands in said Counties; and further providing that the County Clerk shall publish this Act in some newspaper in general circulation in said Counties for a period of thirty (30) days, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HARTZOG, Acting, Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. B. No. 1020, A bill to be entitled "An Act making an appropriation of One Hundred Thousand (\$100,000.00) Dollars out of the Texas Old Age Assistance Fund, to be used by the Texas Old Age Assistance Commission for payment of seasonal administrative expenses for the remainder of the present fiscal year, ending August 31, 1937; making provision for expenditure and use of this appropriation in addition to the sums of money already appropriated for administrative expenses of the Texas Old Age Assistance Commission for the remainder of the present fiscal year, ending August 31, 1937, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. C. R. No. 49, Granting Jim Moore permission to sue Cass County

for personal injuries, and authorizing the payment by the County out of the General Fund of said County for any judgment to recover.

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. C. R. No. 59, Granting Sam Tobolsky and James A. Gripeotis permission to sue the State of Texas and State Highway Commission.

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

Austin, Texas, March 26, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills, to whom was referred

H. C. R. No. 76, Granting the serving of process upon the Live Stock Sanitary Commission of the State of Texas and the Attorney General of the State of Texas, as made and provided for in civil suits.

Has carefully compared same and finds it correctly engrossed.

BRIDGERS, Chairman.

#### REPORT OF THE COMMITTEE ON ENROLLED BILLS

Committee Room,

Austin, Texas, March 29, 1937.

Hon. R. W. Calvert, Speaker of the House of Representatives.

Sir: Your Committee on Enrolled Bills, to whom was referred

H. B. No. 655, "An Act providing for the amount that may be allowed by County Boards of Trustees to the County Superintendents of Public Instruction for expenditures for office and traveling expenses in certain counties according to the last preceding Federal Census; repealing all laws and parts of laws, General or Special, in conflict therewith, and declaring an emergency."

Has carefully compared same and finds it correctly enrolled.

HERZIK, Chairman.

#### FORTY-FOURTH DAY

(Continued)

(Tuesday, March 30, 1937)

The House met at 10:00 o'clock a. m., and was called to order by Speaker Calvert.

#### LEAVES OF ABSENCE GRANTED (By unanimous consent)

Mr. Skaggs was granted leave of absence for today, on account of important business, on motion of Mr. Talbert.

#### HOUSE BILLS ON FIRST READING

The following House bills, introduced today, were laid before the House, read severally first time, and referred to the appropriate committees, as follows:

By Mr. Morris and Mr. Lankford:

H. B. No. 1045, A bill to be entitled "An Act declaring it unlawful for any person to sell, take or have in his possession for barter or sale after the passage of this Act, for a period of five (5) years, any wild fox or the pelts thereof in the Counties of Hunt and Rains, State of Texas, and providing a penalty therefor, and declaring an emergency."

Referred to the Committee on Game and Fisheries.

By Mr. Harbin:

H. B. No. 1046, A bill to be entitled "An Act declaring it unlawful to kill, take or trap any fox in Hood County, Texas, except during the months of December and January of each year; repealing all laws in conflict herewith, and declaring an emergency."

Referred to the Committee on Game and Fisheries.

#### BILLS ORDERED NOT PRINTED

On motion of Mr. Keith, House Bill No. 1042 was ordered not printed.

On motion of Mr. Gibson, House Bill No. 1026 was ordered not printed.

#### EXPRESSING APPRECIATION TO MEMBERS OF THE HOUSE

The Speaker laid before the House, and had read the following communication:

We acknowledge with appreciation your words of sympathy in our recent sorrow.

TATE FAMILY,  
Henderson, Texas.